Austria	Sch. 15	Indonesia	Rp 2500	Portugal	Esc 65
Bahrain	Din 0.650	Italy	L 1100	S. Arabia	Rls 6.00
Belgium	BFr 35	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 95
Cyprus	Mils 600	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.00	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 35	Switzerland	SwFr 2
Finland	Fmk 5.50	Malaysia	Rm 4.75	Taiwan	NT $85
France	FFr 5.50	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.00	Morocco	Dh 6.00	Turkey	L 160
Greece	Dr 60	Netherlands	Fl 2.25	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.50
India	Rup. 15	Philippines	Pes. 20		

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FINANCIAL TIMES

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No. 29,191 Thursday December 8 1983 D 8523 B

The challenge to the cheque, Page 18

NEWS SUMMARY

GENERAL

Over 90 die in Madrid jet crash

Between 90 and 100 people, 40 of them Japanese tourists, died in a crash at Madrid airport, the second air disaster at the Spanish capital in 11 days.

A Rome-bound Boeing 727 of the Spanish national airline Iberia was taking off in thick fog when a collision occurred with a McDonnell Douglas DC-9 of the domestic sister airline Aviaco, which was taxiing on its approach to takeoff. Both aircraft caught fire. All 37 passengers and five crew on the DC-9 were killed.

The crash, following that of the Colombian Boeing 747 last week, threatens to depress the country's tourist trade. The circumstances of yesterday's crash were similar to those when 580 people were killed in 1977 at Tenerife in the Canary Islands. Page 2

Ban on neo-Nazis

West German police searched the homes of suspected right-wing extremists after the Interior Ministry banned the neo-Nazi party Action Front of National Socialists/National Activists and two affiliates.

Politician murdered

A leading Ulster politician, Official Unionist Edgar Graham, 29, was shot dead outside Queen's University, Belfast, where he was about to lecture. The Irish Republican Army claimed responsibility.

Bombing charge

Belfast man Thomas Quigley, 28, was charged in London with being involved in several explosions in the UK between August and November 1981.

Chinese flexibility

China indicated that it might change the deadline of 1997 for it to regain control over Hong Kong if, for instance, public order there broke down. Page 3

Polish action call

Underground Solidarity movement leaders called for work stoppages and peaceful demonstrations across Poland on December 16 to mark the anniversary of the killing of dozens of Gdansk shipyard workers during 1970 food riots.

Soviet crackdown

Soviet leadership announced tough new regulations for the road transport industry, chiefly aimed at wiping out a multi-million-rouble black market in state-owned fuel.

Admiral guilty

Italian military tribunal gave Rear Admiral Vittorio Forgione, former commander of a nuclear plant, a suspended 18-month sentence of unjustifiable possession of secret material, but acquitted him of two more serious secrets charges.

Betancur released

Colombian President Belisario Betancur's brother Jaime, a lawyer who was kidnapped two weeks ago by left-wing guerrillas, was released. Page 4

Kampuchea fighting

Fighting broke out in Kampuchea, near the Thai border, between Vietnamese troops and Khmer Rouge guerrillas, Thai military officials said.

Columbia's record

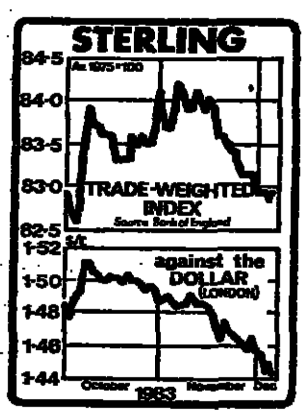
U.S. space shuttle Columbia is due to land in the Californian desert today after a flight of just under 10 days, a record for a reusable spacecraft.

BUSINESS

Healthier look to UK trade figures

● BRITAIN'S estimated current-account surplus for the first nine months has almost doubled since the end of November because of "invisible" earnings, from £670m to £1.2bn ($1.73bn). Page 5

● DOLLAR was pushed up again by Middle East demand, rising to DM 2.733 (from DM 2.72875), FFr 8.2925 (FFr 8.2825), SwFr 2.18925 (SwFr 2.17925), and Y233.95 (Y233.925). Its Bank of England trade weighting rose from 129.3 to 129.6. In New York it closed at DM 2.7335; SwFr 2.1835; Y233.55; and FFr 8.2925. Page 43



● STERLING fell 75 points to $1.442, a record closing low, and touched $1.435 in New York later. It also fell in London to DM 3.9425 (DM 3.9575), FFr 11.955 (FFr 11.995), SwFr 3.16 (SwFr 3.1625) and Y337.75 (Y339.25). Its trade weighting, calculated before the close of dealings, was up from 82.8 to 82.9. In New York it closed at $1.4395. Page 43

● GOLD rose $2 in London to $399.875. In Frankfurt it gained $2.75 at $399.75, and in Zurich it was $2.5 up at $400. In New York, the Comex December settlement was $403.4 ($398.9). Page 42

● LONDON: FT Industrial Ordinary index improved its record to 753.6, with a 5.4 advance on the day. Government securities showed some small rises. Report, Page 37. FT Share Information Service, Pages 38, 39

● WALL STREET: Dow Jones industrial average closed 4.47 up at 1,273.78. Report, Page 33, full share listings, Pages 34-36

● TOKYO: Nikkei Dow index fell 33.8 to 9,404.99. Stock Exchange index eased by 1.64 to 697.83. Report, Page 33 – Leading prices, other exchanges, Page 36

● AUSTRIA is offering a deal to India to modernise one steelworks, build another, and build a $500m – $700m power station. Page 4

COMPANIES

● HANSON TRUST, UK group with large U.S. interests, increased profits by 50.8 per cent in the year ended September at £91.1m ($131.4m). Lex, Page 20; Details, Page 28

● DEUTSCHE BANK, West Germany's biggest commercial bank, increased operating earnings in the first 10 months, but plans to increase its provision for credit risks and losses. Page 21

● BRITISH STEEL losses for the half to October 1 were £98m ($141.3m), compared with £484m a year before, and the corporation will not break even this year.

● FIRESTONE Tire and Rubber of the U.S. had a strong final quarter that helped boost earnings from $8m to $111m for the year ended October. Page 21

The Unit Trust prices on Page 40 may contain errors because of production problems.

Mitterrand gives pledge to press for EEC reform

BY DAVID HOUSEGO IN PARIS

President François Mitterrand declared yesterday that France would do everything possible during its six-month presidency of the European Community, starting on January 1, to make progress on EEC budgetary and agricultural reform.

The failure of the Athens summit earlier this week could be overcome "if the political will is there," he told the weekly Cabinet meeting.

In London, however, Mrs Margaret Thatcher, the British Prime Minister, played down the prospects for progress in the coming months in a statement to the House of Commons on the Athens summit.

Next June's European elections could block the EEC budget negotiations for at least six months, Mrs Thatcher warned.

The positive note set by M Mitterrand reflects the French belief that much of the groundwork for a settlement has been done. M Claude Cheysson, the French Foreign Minister, told the National Assembly yesterday one of the main points of dispute between France and West Germany had been resolved.

Agreement had been reached to allow for the phasing out of monetary compensation amounts – the border taxes and subsidies designed to offset the impact of currency changes on the farm price system – "with a precise timetable, precise figures, year by year," M Cheysson said.

At the same time French officials, while minimising any direct confrontation with Britain, left little doubt that a wide gap existed between the approaches of the two countries.

Britain is bound to be angered by the French view that it will not be entitled to a rebate on its budget contribution this year.

The French interpretation, as expressed yesterday by officials, is that the 750m European currency unit ($630m) British rebate agreed at the Stuttgart summit in June depended on an overall Community package of reforms which has not been achieved. Mrs Thatcher regards the two issues as separate.

In French eyes reports of a switch in the French position in favour of Britain's view of its budget contribution were misplaced. The British believe President Mitterrand withdrew from this more favourable position and dealt the Athens summit a death blow by stating that any rebate should be temporary and diminishing.

The French view is that there has never been any question of France conceding a permanent rebate which would mean granting Britain exemption from the obligations of the Treaty of Rome.

French officials say France has always been prepared to discuss a durable solution to the distortions in Britain's net Budget contributions while conceding differences exist over how long such an agreement should last. It was President

Continued on Page 20

Repairing Summit damage, Page 2; Leave the CAP to die, Page 19

Chancellor Helmut Kohl

Kohl gives personal backing to Lambsdorff

By James Buchan in Bonn

CHANCELLOR Helmut Kohl of West Germany yesterday threw his full support behind Count Otto Lambsdorff, the Bonn Economics Minister, who faces charges of taking bribes in the Flick affair.

"I am personally convinced of the innocence of my friend and colleague," Herr Kohl said in Parliament yesterday, the second day of the 1984 budget debate.

Herr Kohl also launched a fierce attack on the judicial authorities pressing the charges, and gave a warning that it might be hard for the minister to receive a fair trial.

His criticism was described as "absolutely unprecedented" by the leader of the Social Democrats (SPD), Herr Hans-Jochen Vogel, who yesterday introduced a resolution calling for Count Lambsdorff's resignation.

Herr Kohl said it was "monstrous" that Count Lambsdorff had not yet had a chance to study the Bonn Public Prosecutor's writ.

The Bonn district court, however, must decide on the basis of the Public Prosecutor's investigation whether it will proceed against Count Lambsdorff and four others.

The Chancellor repeated the Government's complaints that leaks to the press and the "curious" press conference held by the Public Prosecutor last week made a fair trial difficult.

Parliament will probably vote on the SPD resolution on Friday, by which time Count Lambsdorff should have received his writ, which was apparently held up by a procedural delay in the formal announcement of the lifting of his parliamentary immunity last Friday.

Herr Vogel said the minister's resignation was "a matter of state" because the head of such an important ministry must have his hands free for government work.

Yamani seeks to allay fears on oil prices

BY RICHARD JOHNS IN GENEVA

SHEIKH Ahmed Zaki Yamani, the Saudi Oil Minister, yesterday tried to calm the severely strained atmosphere surrounding the opening of the Opec ministerial conference and to allay fears of a tumble in world prices.

He insisted that Saudi production was below 5m (b/d) in an effort to refute higher independent calculations which have led to other members calling for an increased output quota.

These demands, led by Iran, are threatening Opec's production-sharing agreement and the stability of the fragile world oil market.

Another potentially disruptive factor emerged yesterday with the news from Lagos that the Nigerian senate had called for the country to withdraw from Opec if Nigeria's quota was not raised. In Geneva, however, Mallam Yahaya Dikko, the Nigerian chief delegate, said that he had no instructions to press for an increase.

Sheikh Yamani said Saudi output at one point had been exceeding the 5m b/d mark – regarded by other Opec members as the maximum permitted for the Kingdom – but by only 35,000 b/d. He also said that earlier this year it had sunk as low as 3m b/d.

He acknowledged, however, that his calculations did not include production placed in storage or made available to Iraq as a form of aid to boost the latter's exports, which are restricted by the Iraq-Iran war. He also acknowledged that the world market was "soft for the time being," and therefore called for "good behaviour" from Opec.

On the positive side, Sheikh Yamani said demand could be up 2m b/d next year, but he repeated his call for a continued Opec price freeze until the end of 1985 at least. In an indirect reference to Iran's call for an increase, he added that Saudi Arabia would stick to present prices regardless of what others decided.

Iran had demanded an increase in its quota from 2.4m b/d to 3.2m b/d, while Iraq has said it will press for another 600,000 b/d. The fact that the majority of Opec members are firmly against any serious discussion about reallocation means that Iran is unlikely to receive much sympathy.

Iran will no doubt continue to try to maximise its exports, but it will not be able to increase its prices unilaterally without losing markets.

New exploration licences issued, Page 5; Lex, Page 20

Italy seeks way to quit Lebanon peace force

BY OUR FOREIGN STAFF

ITALY is believed to be seeking ways of withdrawing its troops from the multinational peacekeeping force in Lebanon, as talks begin in Brussels today between foreign ministers of the four contributing countries.

Sig Guilio Andreotti, the Italian Foreign Minister, will attend the meeting with his U.S., French and British counterparts with a brief from the Rome Cabinet to explore a wider UN role in Lebanon.

This is seen as being motivated by a government wish to pull out in the company of at least one other country, in the wake of the U.S. attack on Syrian forces at the weekend.

It came, however, as Mrs Margaret Thatcher, the British Prime Minister, reaffirmed Britain's commitment to the force. There was "no question or suggestion" that the UK would unilaterally pull out, she told parliament yesterday.

But Sir Geoffrey Howe, the Foreign Secretary, earlier distanced the Government from Sunday's U.S. air attack on Syrian positions. It was "clearly important for the U.S. to understand the anxieties expressed" by MPs, and these had been drawn to the attention of the U.S. Government.

In Washington President Ronald Reagan noted there would be renewed pressure from Congress to reassess the U.S. role in Lebanon.

While France has been the most quiescent member of the force, possibly because of its long standing links with Lebanon, Italian public opinion has hardend this week against the continued presence of its 2,000 troops. Significantly, no party in the ruling five-party coalition now wants to see Italy continuing to run the high risk of casualties as the fighting escalates.

However, Italy does not wish to offend the U.S., nor does it want an ignominious end to a major foreign policy initiative which has so far been carried out with considerable success.

Italy considers that the U.S. attacks have changed the rules of game in Lebanon and that the most recent policy guideline laid down for the stay of the Italian contingent – which was related to the outcome of the stalled national reconciliation talks in Geneva – may now have been superseded.

It was learnt yesterday in Beirut that President Amin Gemayel intends to visit London on December 13. It is understood that he will see Mrs Thatcher.

The news came amid reports that he was planning to widen his Cabinet to include more Moslem representatives and that there would be some announcement on reconvening the Geneva talks. Neither of these reports could be confirmed last night.

Meanwhile Mr Donald Rumsfeld, the U.S. special envoy to the Middle East, visited London for talks with Mr Richard Luce, the Minister of State at the Foreign Office who has just returned from Damascus, and then with Sir Geoffrey.

There were also signs of a softening of Syria's attitude towards Lebanon. In an interview Mr Faruk al Charaa, Minister of State for For-

Continued on Page 20

U.S. marines accused, Page 3

Swiss turn down woman as minister

BY JOHN WICKS IN ZURICH

THE SWISS Parliament yesterday refused to appoint the country's first woman minister. A joint session of both houses turned down Dr Lilian Uchtenhagen, the Socialist nominee, to fill a vacancy on the Federal Council, the Swiss Cabinet.

Dr Uchtenhagen needed 123 of the 244 votes cast to succeed the late Mr Willy Ritschard as one of two Socialist ministers. She received only 96 from the assembled members of all parties. Instead they elected another Socialist, Dr Otto Stich, with 124 votes. Dr Uchtenhagen hurried from the chamber, refusing to give interviews.

The Socialist leader, Dr Helmut Hubacher, had threatened to break up the long-established four-party coalition if the parliament was to reject the official Socialist candidate for someone with little or no support in the party. But the party caucus appeared to resign itself to Dr Uchtenhagen's defeat.

Dr Dario Robbiani, the party spokesman, said there had been no opposition at a meeting held before Dr Stich accepted office.

Dr Uchtenhagen was up against a widespread conservatism that denied women the right to vote in federal elections until 1971.

Besides that, she is considered by Swiss standards to be rather far to the left. Dr Stich, a financial expert, stands well to the right of her. Dr Uchtenhagen, who can be quite abrasive, was chosen to be her party's candidate only by a narrow margin.

It is not unique for a member of the Federal Council to be elected against the expressed wishes of his own party. Dr Uchtenhagen's predecessor, Mr Ritschard, was himself elected to the council in this manner 10 years ago.

Cit-Alcatel may link up with Philips in microwave sector

BY PAUL BETTS IN PARIS

CIT-ALCATEL, the large subsidiary of the French nationalised Compagnie Générale d'Electricité (CGE) electronics group due to become the dominant telecommunications manufacturer in France, is discussing collaboration with the rival Philips group in microwave systems.

The French company has been discussing industrial collaboration and the possible acquisition of a shareholding interest with Telecommunications Radioélectriques et Téléphoniques (TRT), a French telecommunications concern 48 per cent owned by Philips of the Netherlands.

The talks are advanced, according to French telecommunication industry sources. Although the companies declined to give details of their discussions, CGE, Cit-Alcatel's parent, and Philips issued a joint statement yesterday acknowledging that they were "studying co-operation possibilities in the microwave sector".

The talks are particularly interesting in that they might result in the CGE subsidiary's forging stronger links with Philips. Cit-Alcatel has been preoccupied by the alliance in public telephone digital switch systems between Philips and American Telephone and Telegraph (AT&T), the leading U.S. telecommunications group.

Moreover, Cit-Alcatel is already collaborating with Philips in mobile telephones using cellular radio technology.

For TRT, the Philips subsidiary in France, collaboration with Cit-Alcatel would reinforce its position. TRT, which specialises, among other fields, in microwave systems, is not part of the broader collaboration agreements between Philips and AT&T.

The Philips subsidiary has thus been worried that its position might be undermined by the AT&T accord. TRT, with sales of FFr 1.75bn ($205.3m) last year and employing nearly 5,000 people, is the only subsidiary of the Dutch group specialising in microwave transmission system.

For Cit-Alcatel, teaming up with TRT would further fit into the French group's strategy of building up its overall presence in civil communications.

Cit-Alcatel itself has so far had only marginal interests in microwave systems.

CONTENTS

Christopher Bobinski in Warsaw explains why one plant has decided to test the Government's promises on workers' control

Polish steelworkers play it Jaruzelski's way

MR ANDRZE J. MILKOWSKI possesses a winning mischievous smile and a high degree of political acumen. Both have no doubt helped him to survive as head of the workers' self-management council, at the Warsaw steelworks, one of the *key factories in the country.*

This week, 9,500 workers at the plant are having their first opportunity since martial law was declared to vote freely for a new workers' council. Former Solidarity activists and people *who were interned are standing* for positions.

Mr Milkowski, who is 44 and a foreman, is one of the candidates. The turnout for the election will either support or condemn a decision he and a few colleagues took *nine months* ago to see whether the workers could have a real say under the conditions imposed by the Government.

It was not an easy decision. Last February the authorities decided to reactivate the Warsaw Steelworks council, which had been elected in the autumn of 1981 at the height of Solidarity's influence and then suspended a few months later under martial law.

Mr Milkowski was originally delegated by Solidarity to help organise the council. Workers at the steelworks were sceptical that the Government would allow real decision making and party officials themselves feared that the move would let Solidarity in again by the back door. Nevertheless, he decided to go along with the plan.

Although the authorities have been reactivating workers' councils throughout industry since the middle of the year, special regulations passed in July give them the right to ban any council deemed to be acting against the national interest. In many factories the councils are either under management control or being boycotted by the workers and they have made little impact.

But the Warsaw Steelworks is one of the 200 or so large plants which have a decisive effect on the political climate of the country. This week's election could have far reaching consequences both for Government policies on self management, and for Solidarity's future tactics.

The works is a major producer of quality steel. It was built in 1951 in the north of the city and is surrounded by monotonous high rise flats. Many of its workers played an important role in Solidarity.

Mr Seweryn Jaworski, who led the August 1980 strike at the steelworks which was broken by the security forces was later deputy chairman of Solidarity's Warsaw region and is now awaiting trial as one of the Solidarity seven "extremists." Mr Milkowski has not been interned, however. "Not yet," he says.

The chaplain to the works is Father Jerzy Popieluszko, one of Poland's radical priests now under investigation for his open attachment to Solidarity's cause. A large wooden cross has stood just inside the main gate since 1981 and other crosses have proliferated, infuriating hardliners in the local party organisation.

But while most workers have remained loyal to Solidarity and retain a deep mistrust of anything official, apathy and lack of conviction that change can be achieved have gained a hold.

This mood has made control easier, but it has also damaged economic performance. That is why Polish leaders like Mr Mieczyslaw Rakowski, the Deputy Premier, and Mr Wazimierz Barcikowski, the party chief in charge of the economy, believe that involving workers in management decisions could help.

Inevitably their advocacy of workers' councils has come under fire from hardliners, who charge that the new self-management laws leave little room *for party organisations to continue to oversee factories,* as well as opening the way to Solidarity.

Warsaw steelworks is a hardliners' stronghold. It was the first party organisation to criticise the pragmatists surrounding General Wojciech *Jaruzelski.* The hardliners will have a lot to complain about if this week's elections go the way some insiders are predicting and leave a mere 5 per cent of seats in party hands, compared with the 40 per cent it won in 1981.

Mr Pawel Ruszkowski, a sociologist employed at the plant and an activist in the council, estimates that some 65 per cent of the workers will vote. A figure of more than 50 per cent will vindicate Mr Milkowski's stand. He admits that one of his aims was to "break through the atmosphere of negation and passivity among the work force." Such a turnout will also give a boost to councils elsewhere, possibly producing authentic representation for the workers.

Mr Milkowski also admits that a low turnout would produce an unrepresentative council without the confidence of the workers, which would be condemned to oblivion in the long term.

The Solidarity opposition is watching closely to see just how much leeway the council will have, and underground broad*sheets in the factory* have supported the elections. In a sense this support embarrasses Mr Milkowski's council, which eschews politics and wants to stick to management. He asserts *that there is nothing political* in the activities of the council. The political affiliations of the participants have not had much importance in debates, he says.

Although the steelworkers' retail prices are fixed by the Government and raw materials are rationed, so that even the management's freedom of manouvre is severely limited, Mr Milkowski says that only those who haven't worked inside a Polish factory would think that this did not leave a role for self management. At the least a council can try to control the bureaucracy, tighten up efficiency, demand improvements for the workers and protect their rights.

If the workers choose to back Mr Milkowski this week his hand and that of Solidarity will be strengthened. But it remains to be seen whether the Government will be able to live with effective workers' councils, no matter how much they help towards reducing economic woes.

SOLIDARITY URGES PROTESTS TO MARK SHOOTINGS

UNDERGROUND Solidarity leaders have called for industrial stoppages and peaceful demonstrations across Poland on December 16 to mark the anniversary of the killing of dozens of Gdansk shipyard workers during food price riots in 1970, Reuter reports

The anniversary is one of the most emotive in the calendar of struggle by the opposition against Communist rule. Solidarity's clandestine National Co-ordinating Commission (TKK) said it was of special importance this year "when attempts are being made to deprive society of all rights, and living conditions continually deteriorate."

The government said yesterday that Mr Lech Walesa, Solidarity's leader, will not be allowed to speak at a Gdansk shipyard memorial to the men who died in 1970. The official death toll is 45 but the number is thought by the Poles to be much higher.

Warsaw steelworkers during a 1981 warning strike.

'No rising trend' in airline accidents

By Lynton McLain in London

THE 100 mph ramming of one Spanish airliner by another yesterday morning, with about *100* deaths is the fifth large-scale aircraft accident in Spain since two jumbo jets collided in the world's worst aviation disaster in March 1977.

That disaster occurred when a *KLM Boeing 747* collided on take-off, with a taxi-ing PanAm 747 on the runway at Tenerife, Canary Islands killing 585 people.

Yesterday's disaster at Barajas airport, Madrid, also occurred when one airliner, trying to take-off, crashed, this time in thick fog, into another airliner that lay in its path.

The crash came 10 days after 181 people were killed when a 747 jumbo jet of the Columbian airline Avianca crashed on its approach to landing at Barajas airport. Early reports suggest that the pilot misread his altimeter and flew 1,000 feet too low. The aircraft crashed six miles from the Madrid runway.

The two other disasters also involved a crash on take-off and a disastrous approach to a runway. In September last year, a Spanish DC-10 crashed at Malaga, killing 56 people as it tried to take-off. Earlier, a *Dan-Air Boeing 727* hit mountains 10 miles from Tenerife airport, killing 146 people.

Despite this record of disasters, the British Airline Pilots' Association, the UK pilots' trade union, said it had "no knowledge of any adverse comments from its members about air traffic control facilities at Madrid."

Spain is a member of the International Civil Aviation Organisation, a UN body, which issues minimum *standards for air traffic control* with the aim of coordinating and standardising facilities in member countries' internal air traffic control systems.

Compliance with these standards *is voluntary, and extra equipment* for safety, such as the expensive Airfield Surface Movement Indicators, ASMI, are not obligatory.

These indicators, as the name suggests, provide air traffic control *officers* with a *downward-looking* radar-type display of the plan of an entire airport. Conventional radar is unable to detect movements on the ground.

Heathrow Airport, London is the *only civil airport in the UK to have* ASMI. It is not switched-on all time, however, according to the Civil Aviation Authority.

The Heathrow ASMI equipment is switched on at night and when visibility drops to 1,500 metres.

This equipment could alleviate accidents on the ground at airports, but in general, according to the authoritative accident surveys published twice a year by Flight International journal, last year "there was no alarming trend in aircraft accidents around the world."

A total of 1,010 people were killed in 33 fatal airliner accidents last year. "The accident figures have been hovering around the 30 accidents and 1,000 fatalities level for many years," the journal said in its annual survey for 1982.

Moscow clampdown on petrol wastage

BY ANTHONY ROBINSON

THE SOVIET UNION *has* issued a decree intended to stop large-scale wastage and pilferage of state petrol and to rationalise the road transport industry.

It appears to be part of a wide-ranging effort by the authorities to eliminate a major bottleneck, which disrupts industrial production schedules and causes heavy losses in moving agricultural produce to market.

It is also aimed at reducing the huge black market in state petrol. Over 80 per cent of Soviet trucks are petrol-driven, so truck drivers are able to siphon off fuel to sell to private motorists.

Illegal sales of state-supplied petrol are facilitated by lay managerial control over factory and bureaucratic car and truck pools, the widespread practice of tampering with mileage meters and bribery of petrol pump attendants.

The shortage of taxis and buses also means that drivers of all kinds of vehicles from government limousines to hearses and ambulances regularly act as freelance taxi drivers. The thriving parallel economy of illegal free enterprise activities also bribes state and factory truck drivers to make deliveries and supply raw materials.

In future only specialised transport companies will be authorised to carry goods between cities – a move to cut the high proportion of empty return journeys which are a feature of Soviet road transport. State haulage companies will be empowered to increase the size of their fleets by taking over trucks presently allocated to factories and institutions.

The net result of the tighter controls on the use of transport, is likely, on past evidence, to add to the inflexibility of road transport and reduce the effectiveness of the overall Soviet truck fleet. This is al*ready under strength because of* serious production shortfalls in major Soviet truck plants like Kamaz at Nabarezhnye Chelni, and insufficient repair and replacement parts facilities.

To make the *new restrictions* more effective, the authorities plan to introduce special credit cards for the purchase of petrol. Under the present system, enterprises issue drivers with special petrol vouchers, stamped with the enterprise stamp, which are frequently sold illegally to private motorists or drivers transporting illegal cargoes.

The authorities appear to recognise the possible limited effectiveness of the new measures. It has been announced that the priority of the Soviet truck building industry must be to speed up the introduction of diesel-powered trucks. According to the current five-year economic plan diesel-powered trucks should rise from the present 18 per cent to over 30 per cent of the total truck park by 1985.

Western central banks to agree SDR 3bn IMF loan next week

BY JONATHAN CARR IN FRANKFURT

WESTERN CENTRAL bankers will next week at last be able to approve a SDR 3bn (£2.2bn) loan to the International Monetary Fund (IMF) according to Herr Karl Otto Peohl, the president of the West German Bundesbank.

But, Herr Poehl also expressed regret that the U.S. would not be *taking* part *in* the *special action which* is to help rebuild the IMF's seriously depleted resources. He *told a press conference* there yesterday it was "not imaginable that IMF financing *would in fuutre have* to be done without the participation of the U.S."

Herr Poehl is chairman of the Basle Committee of leading central bankers which will be meeting at the Bank for International Settlements (BIS) from next Monday with the SDR 3bn loans issue before it.

Saudi Arabia is expected to put up another SDR 3bn for the IMF when the Basle group has reached accord.

In the past Herr Poehl has opposed going ahead with the loan in order to keep up pressure on the U.S. Congress to sanction its $8.4bn (£5.8bn) quota contribution to the IMF. Congress *finally did* so last month. With the U.S. out of the new aid action, Herr Poehl *made clear the biggest single* contribution would come from West Germany.

He did not give a figure nor say over what period the loan would be made. However, it is understood that a way will probably be found to allow the medium-term loan to the IMF to be made through six months credit, rolled over for up to a total *of two and a half years.*

Herr Poehl expressed satisfaction that the first phase of the international debt crisis has been dealt with relatively well thanks to the co-operation between IMF special banks and private banks. He warned that the crisis itself was far from over. The same point was made more drastically at another press conference by Dr Wilfried Guth, co-chairman of Deutsche Bank, West Germany's biggest *commercial bank.*

Dr Guth strongly warned against refusing new financial aid to indebted countries fighting to restore their economic health with domestic stability programmes. *He also* said current re-scheduling practices were capable of improvement, for example, by allowing delay of interest repayments in some particularly difficult cases.

Dr Guth indicated that talks about such a delay had been *held with U.S. banks but that* so far the results have not been positive. Efforts would continue however.

Ozal named as Turkish Premier

BY DAVID BARCHARD IN ANKARA

TURKEY took another step to civilian Government yesterday when President Kenan Evren named Mr Turgut Ozal as the next Prime Minister. Mr Ozal, who won a clear majority in the general elections last month, will present a list of Ministers for presidential approval.

He is known to be planning to reduce the number of Cabinet Ministries and concentrate power in an inner Cabinet of himself, two deputy premiers, and about four Ministers of State.

According to the *Turkish* Press there are still pressures, presumably from the military, to force Mr Ozal to include four key Ministers from the present Government: Defence, Interior, Education, and Foreign Affairs. He has hinted strongly that he will not accept any such arrangement.

On the economic front, Mr Ozal is planning to renew the anti-inflationary export-oriented policies with which he was identified in 1980 and which brought about a spectacular recovery in the following two years. He has already indicated that his ministers will include the people he employed then, and that he will be pressing for greater convertibility for the Turkish lira, and *an increased role for the private* sector, including possibly the sale of some state economic enterprises.

The five-man junta which has ruled since September 1980 was quietly dissolved on Tuesday night after Parliament finished electing its officers. The four generals who have shared power with Evren became civilians and will now have a role in a largely honorary presidential advisory council.

Opening Parliament, the President warned it to stick to the *guidelines laid down for it and* to resist any efforts by the former political leaders to make a comeback.

It is apparent that, in many respects, this is proving a very *uneasy transition and at least* one of those likely to be named as a member of the new cabinet says he would prefer to be the victim of a Presidential veto and thus allowed to stay out of public life for the next few years.

Syria believes U.S. marines have joined Lebanon conflict

BY LOUIS FARES IN DAMASCUS

SYRIA NOW believes that U.S. marines in Lebanon, ostensibly part of the peace-keeping force, have become an active party in the conflict.

In an interview, Mr Faruk al Charaa, Minister of State for Foreign Affairs, and acting Information Minister, said: "Syria considers that the U.S. marines have become a party to the conflict, no matter what U.S. officials say."

However, the Minister did not adopt an entirely hardline approach. Asked whether Syria would continue its dialogue with the U.S., Mr al-Charaa declared: "We will continue dialogue with the U.S. as long as they wish. Mr Rumsfeld (the U.S. Special Envoy to the Middle East) is welcome when he wants."

Discussing last Sunday's air raid, he added: "The last air raid by the U.S. Air Force against Syrian positions has increased tension in the region and constitutes a tangible proof of U.S. involvement in Lebanon and the one-side position taken by the marines in the internal strife in Lebanon."

Referring to the captured U.S. pilot, Mr al-Charaa said: "He (Lieut Goodman) is being held in custody here in Syria . . . He is considered a prisoner of war. He is well treated, in accordance with international rules."

The body of the U.S. pilot who was killed in last Sunday's raid has been handed over to the U.S. Government.

President Assad

Questioned about the health of Syria's President Hafez al-Assad, the Minister stated: "He is not sick any more. He has recovered . . . The President is walking 10 kilometres every day and he is also assuming his important functions as head of state."

Mr al-Charaa also announced that Mr Elie Salem, the Lebanese Foreign Minister, will visit Syria today.

The purpose of Mr Salem's visit, Mr al-Charaa said, was "to put us in the picture about President Gemayel's talks in Washington."

The Minister speculated that the reconvening of the Geneva Conference on Lebanon has become difficult because of two serious new considerations. First, the strategic co-operation between the U.S. and Israel; secondly, the air raid.

Former naval commander goes on trial in Tehran

BY TERRY POVEY

A FORMER Iranian naval commander and two army colonels went on trial in Tehran yesterday accused of belonging to the banned Tudeh (Communist) Party and of spying for the Soviet Union.

The three are alleged to have been members of the secret military wing of the party. According to Hojatolislam Mohammadi Reyshari, head of the armed forces revolutionary courts, about 200 members of the military and the police have been detained for alleged involvement with the party.

Mr Bahram Afzali had been navy commander since the dismissal of Admiral Ahmad Madani, the first post-revolution navy chief, in 1980. Dr Madani now lives in exile and is active in the nationalist opposition to the clerical regime.

Mr Afzali and the other two defendants were arrested in February when the regime cracked down on the Tudeh Party—until then its keenest supporter in secular political circles. According to party officials now in Europe, some 6,000 of its leaders and activists have been detained and many tortured.

Driven underground and to an extent demoralised by the arrests and the subsequent televised confessions of its leaders, the party has been reorganising itself abroad.

In a recent communique reported in the Czech official press a new "leading committee" announced the expulsion from the party of all arrested officials—adding that they would never again be allowed to be active in its ranks.

China may change Hong Kong deadline

By Mark Baker in Peking and Robert Cottrell in Hong Kong

CHINESE OFFICIALS yesterday indicated before resuming the Sino-British talks on Hong Kong's future that China might feel compelled to change the deadline for gaining control of the colony in 1997, the year Britain's lease on most of the territory expires.

Qi Huaiyuan, information director for the Chinese Foreign Ministry, said publicly for the first time that if there were "special problems" then the deadline could be altered.

In Hong Kong, however, officials said that China had hinted privately that it might take action if public order in the colony broke down. This prospect is considered an extreme hypothesis and the latest remarks were not regarded as evidence of any appetite on Peking's part for an early move.

Asked what constituted "problems," Mr Qi said: "For instance, if some turmoil occurs in Hong Kong we will consider the change of timetable of the recovery of sovereignity over Hong Kong. Of course, we hope the recovery will be realised in stable and steady circumstances."

He would not be drawn, however, whether any change in the deadline could mean that China might extend it, leading to speculation that Peking could be preparing to do so.

Mr Qi's remarks came as the seventh round talks began in Peking.

The talks, which began in earnest in July, were initiated during the visit to Peking in September last year of Mrs Margaret Thatcher. China has said that unless there is an agreement by next September, it will announce unilaterally its policies for regaining control of the territory.

Asked why China had been pressing for an early conclusion of the talks, Mr Qi said: "By next September two years would have passed since the beginning of the talks, so we are not in a hurry."

He said China was aware of the concern among Hong Kong people.

"Right now we are carrying out friendly consultations with Britain and we hope that an agreement can be reached," he said.

He reiterated that China intended to preserve the lifestyle as well as the economic system of Hong Kong after it resumed control.

Jurek Martin in Tokyo assesses the threat to the ruling party

Opposition aims to give LDP a fright

IT IS ALREADY apparent, after only five days of compaigning, that the first casualty in the Japanese general election is going to be Mr Masashi Ishibashi's voice box. Not even Pavarotti's chords could withstand the rapid-fire raucous speech employed by the leader of the Socialist Party in his daily denunications of Prime Minister, Yasuhiro Nakasone and the disgraced "shogun," Mr Kakuei Tanaka.

But if this is the only damage incurred by Japan's opposition parties this month, then December 18, 1983, will go down as a banner election for those who, for 35 years, have served the country mainly by standing and waiting. In fact, so irrelevant, has the establishment political opposition been to the management of the country, that in 1980, after two poor elections in a row for the ruling Liberal Democrats in 1976 and 1979, even the suggestion of a change in the power structure helped prompt a public rush back to the LDP fold.

This time, however, it is widely forecast that the collective opposition will gain seats once more, partly because of the LDP's particular problems, summed up in the word Tanaka, partly because the political pendulum may be due for a slight swing to the Left and partly because the half dozen parties of the Centre and Left appear to be approaching this election with much greater tactical sense.

The opposition parties' basic message, though rarely spelled out, is not so much "give us power now"; Japanese electoral rules and practices put this out of the question and even Mr Ishibashi concedes it will take "two more elections," including this one, for it to be even a possibility. Rather it is an appeal for enough votes to serve as a warning to the LDP that, even after 35 years of conservative rule, the public trust cannot be taken for granted. They may have some success in this more limited goal.

In order of present strength, the opposition consists of:

The **Japan Socialist Party** (JSP)—with 101 members in the old Lower House and running 149 official candidates for the 511 seats being contested: its internal ideological battles and its inability to make deals with other parties have contributed to its progressive post-war decline; both its original strength and modern weaknesses can be traced to its relationship with organised labour. It is the only opposition party with genuine national pretensions, however.

Under Mr Ishibashi, chairman since September and apparently more pragmatic, if less distinguished, than his predecessor, its economic platform is now in the standard Euro-socialist mode. It advocates Government-stimulated growth and enhancement of welfare facilities; its most controversial stance is that Japan adopt a foreign posture of "unarmed neutrality," but this does not mean, Mr Ishibashi insists, immediate dissolution of the self-defence forces. It would require, however, an immediate freeze on military spending at current levels and, eventually, Japanese abrogation of its security treaty with the U.S. This is not, according to all evidence, a vote-catching policy.

The JSP goal is to win 120 seats this time; most experts doubt it will do that well. Much may depend on the effectiveness of its co-operation with other parties, which seems to be at a higher level this year than in any recent election, but still does not stretch far into the rural areas, the LDP's stronghold.

This is because the next two largest parties, **Komeito** and the **Democratic Socialists**, both created in the 1960s, are rooted in Japan's urban middle classes. Komeito, the political arm of the Buddhist Sokka Gakkai movement, currently has 33 seats, is running 59 candidates and could well increase its representation to over 50 in the new parliament, mostly because it should recoup much of its unexpectedly large 24-seat loss in 1980.

Komeito, or the "clean government party," appeals to lower middle class, quasi-religious values and is probably more conservative than its largely anodyne party platform implies. It is noteable, however, for the premium it puts on organisation, higher, certainly, than any other opposition party except the Communists. It runs candidates only where it has a reasonable chance of winning.

Komeito is also cooperating with the Democratic Socialists in more than 20 districts. The DSP (30 existing seats, 54 candidates, may make a small net gain on December 18, is, in many ways, the Japanese counterpart to the British Social Democratic Party. It was formed, in 1960 by disaffected Right-wing socialists; since then has always managed to win between 6-8 per cent of the national vote and about 30 seats in the Diet. The DSP would clearly be a pivotal party, rather like the West German Free Democrats, if Japan ever found itself playing coalition politics, but it has shown no sign of breaking out from its comfortable urban middle class base.

Nor, though its social appeal is different, has the **Japan Communist Party**, with 29 current seats and 129 candidates (of whom, incidentally, 22 are women, out of only 28 running nationwide). The JCP did rather well, locally and nationally, in the 1970s in big cities like Kyoto by using its organisation skills to exploit people's discontent with the results of pell-mell urbanisation.

But, as a party, the JCP marches to its own private drummer, rarely deigning to confer with other parties, frequently walking out of the Diet (the only party to do so when U.S. President Ronald Reagan adressed it last month) and generally leaving the impression that, in an homogenous country, it is outside the mainstream.

The balance of the opposition consists of two splinter groups, the **New Liberal Club** and the **Social Democratic League**, who broke away from the LDP and JSP respectively in the 1970s and who, in 1981, formed a loose parliamentary party of 13 members. There is also a half dozen independents (one of them Mr Tanaka) and the possibility that, on December 18, one of the new special interest groups, such as the Salaryman's Party, might win a seat or two.

One common thread among this diverse crop is that none of the minority parties have thrown up individual leaders of a quality sufficient to captivate the Japanese public, who judge their politics very much in personality terms. Probably the last great opposition hope was Mr Ichiro Asukata, the widely admired former Mayor of Yokohama previously chairman of the JSP, but he sank beneath the weight of party squabbles.

Mr Ishibashi is moving might and main to fill the gap this time. Some of his advisers are telling him that he is going about the task far too frenetically, even hysterically: he responds by saying that this is the way he has conducted himself in public (his private demeanour is entirely different) for the 29 years he has served in the Diet and that he is not about to change now.

It may be significant that he has known only opposition for so many years. If there is rejoicing in the opposition ranks on December 18 it will still mostly be the result of the ruling party's mistakes. But at least the minority parties may have a chance to prove that there is more to them than merely being the honourable opposition.

Saudis to encourage private investment

BY FINNAN BARRE IN RIYADH

SAUDI ARABIA'S planned fourth five-year economic plan will be designed to continue the country's efforts to reduce its dependence on oil exports, by encouraging private investment and seeking economic integration among the economies of the Gulf Co-operation Council (GCC).

The GCC comprises Saudi Arabia, Bahrain, Oman, Qatar, Kuwait and the United Arab Emirates.

While details of the new plan, which is due to start in 1985, have not been made public, Mr Hisham Nazer, the Minister for Planning, spelt out the programme's main goals to journalists on Monday.

Its main aim would be to complete the country's big infrastructure projects such as highways, electric power installations and telecommunications systems begun under the first three plans.

Because of this, however, the Government would have difficulty in injecting further cash into the economy and would therefore stress future private participation, especially in manufacturing industry and agriculture.

The new plan will emphasise upgrading the quality of the Saudi labour force, Mr Nazer said, with government-sponsored education programmes and the encouragement of privately-funded on-the-job training schemes.

Public housing would also be emphasised. Current programmes had produced a housing surplus in a few cities, but rural towns had been somewhat neglected.

S. Africa's farm output at lowest for 15 years

By Bernard Simon in Johannesburg

THE toll of drought on the South African economy is clearly reflected in data published by the Reserve Bank yesterday.

The country's agricultural output sank to its lowest level in 15 years between July and September 1983, contributing to a 4.5 per cent decline in real Gross Domestic Product during the first nine months of this year compared to January-September 1982, the bank says.

Output in most other sectors has begun to pick up, including higher consumer spending and a slowdown in inventory depletion.

The bank warned, however, that "it is uncertain to what extent the improvement will be sustained in the fourth quarter" in the wake of the lower gold price, tighter monetary policy and a fall in stock exchange and property prices. South Africa's GDP was likely to drop by 3 per cent for 1983 as a whole.

Exports of farm products halved to R600m (£342m) between the first and third quarters of 1983, while imports jumped almost threefold to R710m between July and September. These swings contributed to a narrowing of the current account surplus to an annualised seasonally-adjusted level of R1.3bn in the third quarter, from R1.8bn in the previous three months.

Long-term capital outflows reached a record R697m between July and September, but the drain was neutralised by a short-term inflow of R754m.

Ray of hope for Zimbabwe

By Our Harare Correspondent

ALTHOUGH ZIMBABWE'S real ouput has declined this year, the outlook gives cause for hope, the country's Reserve Bank says in its latest quarterly economic review, published yesterday.

The central bank reports a further deterioration in Zimbabwe's balance of payments this year, though no detailed figures are available.

It says a substantial external payments deficit was recorded in the first nine months of the year, and this was financed by borrowing from the IMF and a substantial increase in the short-term borrowings of the Reserve Bank.

Estimates suggest that the current account deficit at Z\$150m (£93m) in the first quarter of 1983 was little changed from that recorded in the same period last year.

AMERICAN NEWS

WORLD TRADE NEWS

Rebel groups back off in Nicaragua

BY TIM COONE IN MANAGUA

ACTIVITY by the U.S.-backed rebel groups opposing the Sandinista government in Nicaragua has fallen to its lowest level in months. Officials in Managua claim this is the result of low morale and heavy casualties mostly inflicted by the country's lightly armed militia, not the regular army which has been held back from direct combat.

The failure of the counter revolutionary groups operating from neighbouring Costa Rica and Honduras to weaken the resolve of the Sandinista government is seen here as one of the reasons behind recent government moves to establish a dialogue with the opposition and *prepare for elections next year.*

This week, the Sandinista leadership has even offered an amnesty to its opponents including former members of the National Guard that supported the *Somoza dictatorship,* overthrown in 1979. The success against the "contra" rebels has also made it easier for the Government to present to the public its more flexible stance towards the U.S.—a flexibility forced in good measure by fears of American direct intervention in the wake of Grenada.

A good example of the failure of the rebel offensive occurred two weeks ago when some 200 "contra" guerillas tried to attack a small isolated village at Cardenas near the Costa Rican border. The village of 1,000 inhabitants was defended by its *local* militia. They beat back the attackers who suffered 10 per cent casualties. Many such isolated villages, which have proved slow to respond in the past four years to the Sandinistas *efforts* to politicise them are now backing the Government as a result of harassment by the guerrillas.

An important recent concession was the amnesty granted to Miskito Indians who live on the East coast. The concession extended to the Miskito Indian leader, Sr Brooklyn Rivera. The Sandinista leadership has been much criticised at home and abroad for its persecution of the Miskito Indians.

Inside the country, some opposition figures have yet to be convinced by the genuineness of these overtures. Sr Pedro Chamorro, a *key* figure in the Social Democrat Party and an editor of the opposition daily, La Prensa, says: "The ease-up of censorship and dialogue has been positive. I think we shall see elections in 1985; but the basis for free, democratic elections still does not exist."

THE REAGAN administration has begun to change the tone, if not the substance, of its hardline policy towards Nicaragua following the recent conciliatory moves by the Sandinistat Government. *Reginald Dales writes from* Washington.

In statements over the past few days, State department officials have been putting a new emphasis on diplomatic moves towards a political settlement with Managua. They continue to stress, however, that they are still unsure whether the Sandinista moves "represent a real willingness to deal with substantive issues."

As part of a negotiating process, Mr Richard Stone, the special U.S. envoy for Central America, is to visit Managua on December 10. The four-nation Contadora group (Mexico, Venezuela, Colombia and Panama) is to meet again *on December 14 and 15.*

One U.S. official said that there had been no fundamental change in the U.S. policy of trying to bring the Sandinistas to heel, although more emphasis was now being put on "the diplomatic track." Washington analysts believe that the administration is afraid that it will look excessively belligerent if it does not make a token response to the Sandinistas' overtures.

He claims the state of emergency declared in 1981 in response to escalating guerrilla attacks is an excuse to silence and manipulate the opposition inside the country. This view is shared by other members of the Coordinadora Democratica, *a grouping of three opposition* parties, two right wing trades unions and the employers' organisation, Cosep.

Gustavo Tablado, co-ordinator of the Frente Patriotico Revolucionario *(FPR), a grouping of* four political parties (including the Sandinista party, the FSLN) which in the 1985 elections will probably run as a united front, says: "For us, the existence of two counter-revolutionary armies based in Honduras and Costa Rica is a reality.

"If the opposition was to condemn their attacks, instead of tacitly supporting them, and would appeal to the United States, as we have, to stop their supply and support of these contras, then the state of emergency would disappear. If we get rid of the cause, we get rid of the effect."

Such trade-offs are likely to be the subject of talks between the FPR and the opposition in the coming weeks. Sr Tablado says: "We are not calling on them to be revolutionaries, but to be patriots."

Mexican opposition claims fresh poll fraud

By William Chislett in Mexico City

WILLIAM CHISLETT IN MEX MEXICO's *main opposition* party, the conservative National Action Party (PAN), is planning a series of protest meetings this week to denounce what it alleges to be "massive and blatant" fraud in the recent municipal elections in the state of Puebla near Mexico City.

The Institutional Revolutionary Party (PRI), which has ruled for 54 years, has been declared winner in the great *majority of towns, including the* state's capital city, Puebla, by a margin of two to one.

The PAN, which won control of three major towns earlier this year in North Mexico and produced the first break in the PRI's grip on political life, claims it has proof the PRI used fraud to secure its victory.

Sra Vilja Villa Escalera, wife of the PAN's candidate for Mayor of Puebla, alleged she *saw cardboard ballot boxes* which had been stuffed with votes before her local polling booth opened.

She clamied that when she arrived at the booth shortly after it opened, there was a commotion inside, because the electoral authorities "had *refused" to open* the ballot boxes to show accredited representatives of opposition parties that they were empty.

Sra Villa Escalera said that one opposition representative opened a ballot box herself and "found it full of votes."

The PAN's accusations, which follow protests by the party *over the outcome of elections* in the State of Sinaloa last month, appear to contradict President Miguel De La Madrid's repeated declarations that any opposition victories *will be respected.*

A senior Government official said there was fierce resistance from entrenched elements to seeing the PRI's power eroded, and it was not easy for the President, a technocrat, to confront the system.

AP-DJ adds: Mexico's consumer price index rose 5.9 per cent in November, more than half of it due to increases in prices of milk, soft drinks, rice and transportation, the *Banco* de Mexico, the country's central bank, said. The total increase for the year is expected to be 83.3 per cent.

Brazil denies charges of steel dumping on U.S. markets

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN steel industry has a "good case to show" against the anti-dumping and unfair competition suits which have been brought against its fast growing exports to the U.S., according to Sr Henrique Brandao Cavalcanti, president of Siderbras, the Brazilian state steel holding company.

The U.S. Commerce Department last week announced that it is to investigate charges that the Brazilian Government is subsidising the production of hot and cold-rolled carbon steel sheet and of carbon steel-*plate in coils.* Brazil *is also* accused of dumping steel in the U.S. at unfairly low prices.

"We are taking these suits very seriously," Sr Cavalcanti said in an exclusive interview, "and we are preparing our defences now." The Brazilian steel chief said there were many special factors, such as the exchange rate, which affected the competitiveness of Brazil's steel exports.

The latest government statistics reveal dramatically the extent of the inroads Brazilian steel has been making into the U.S. market this year, albeit from a relatively small base.

Its export of all steel products, excluding ferro-alloys, to the U.S. in the first seven months of 1983 came to $194m, compared with $196m for the whole of 1982.

In certain products, the market penetrations has been remarkable. Based on the figures to the end of July, Brazil could export as much as $110m worth of cold-rolled *sheets and coils to the U.S.* in 1983, nearly six times as much as last year.

Hot-rolled products are only a little way behind, with a growth rate, in U.S. dollar terms, of nearly fourfold.

The Brazilian statistics from Consider, the steel and non-ferrous metals council, do not show any exports of carbon steel to the U.S. over the past two years. This category of *product was sold abroad* entirely to other Latin American countries.

Two thirds of the Brazilian steel shipped to the U.S. is in the form of the basic flat-rolled products manufactured by the Siderbras group companies.

Last week, at the inauguration of the Tubarao steelworks, Sidebras' export-oriented producer of semi-finished slabs, Sr Cavalcanti was taking a confident attitude towards the new mill's lack of medium-term sales contracts.

Mr David Roderick, the U.S. Steel chairman, told reporters he supports legislation in Congress for curbs on steel imports to *15 per cent of the* market over five years, Reuter reports from Washington.

He was speaking after a meeting of the Steel Advisory Committee, which includes industry, labour and government representatives.

Mr Roderick told reporters the legislation was necessary because the industry needed about five years to bring new plant on stream. Industry losses would decline to $2.5bn-$3bn this year from $3.2bn in 1982, he said.

He said the new surge in Third World imports was the greatest single short-term *problem for the industry.*

Schmidt warns Washington on capital controls

EUROPEAN nations will impose controls on outward movements of capital if the U.S. does not reduce its domestic budget deficit within the next two years, Herr Helmut Schmidt, the former West German Chancellor, said yesterday, AP-DJ reports from Washington.

He told a conference sponsored by the Financial Executives Institute that integration *of world capital* and money markets meant that foreign savings are currently going to finance U.S. consumption.

While the U.S. is enjoying an *economic boom, sparked* by a "super-Keynesian" budget deficit, most of the rest of the world remains mired in crisis and depression, he contended.

Space test challenges Nobel theory

RESULTS of an experiment aboard the space shuttle Columbia have challenged a theory for which a Swedish scientist won a Nobel Prize in 1914, scientists in Houston said yesterday, Reuter reports.

Robert Barany won the Nobel Prize for Medicine for his attempt to explain how the inner ear helps the body maintain its balance.

Dr Uri von Baumgarten of Johannes Gutenberg University in Mainz, West Germany, said that the same test performed on four astronauts in space in the past week gave the same results as on earth, despite the lack of gravity.

Kidnap crisis averted in Colombia

SR JAIME BETANCUR, the brother of Colombian President Belisario Betancur, was freed yesterday morning after his abduction 15 days ago by left-wing guerrillas. His release coincided with preparations across the *country for* a huge peace demonstration, **Sarita Kendall writes from Bogota.**

Local journalists taken to a clandestine press conference said the pro-Castro National *Liberation* Army (ELN) claimed to have won some concessions from the Government in negotiations for the release of Sr Betancur.

The kidnapping of Sir Betancur, *a law professor at the* Catholic University in Bogota, produced a massive reaction in a country relatively used to guerrilla violence.

Venezuela set to press ahead with debt talks

VENEZUELA'S NEW administration is expected to move ahead quickly on debt negotiations following Dr Jaime Lusinchi's victory in presidential elections last Sunday, banking sources said, AP reports from Caracas.

President-elect Lusinchi, of the opposition Accion Democratica Party (AD) has set up a special commission to liaise with the Government on the debt and Sr Arturo Sosa, Finance Minister, also said he hopes to meet shortly with Dr Lusinchi to discuss progress

Sr Jose Ignacio Casals, an economic aide and development minister in the last AD *government, said also that* a decision has been taken to streamline the implementation of foreign exchange controls.

Austria offers India deal on medium-size steelworks

BY JOHN ELLIOTT IN NEW DELHI

PROPOSALS for modernising and constructing two steelworks and for building a medium-size hydro-electric power station using favourable loan and credit *finance packages* have been put to India by the Austrian Government this week.

The projects have been discussed by Mr Norbert Steger, Austrian Vice-Chancellor, during talks in New Delhi, which have coincided with the first meeting of an Indo-Austrian mixed commission.

Austrian technicians arrive next week to discuss plans for building a power station costing an estimated $500m to $700m at Julhasti in Jammu and Kashmir. Other countries, including France, are also believed to be chasing this project.

Next month technical discus*sions* will take place on proposals to build a medium-sized steelworks at Vijayangar in Karnataka state using a coal reduction process developed by Voest-Alpine a nationalised Austrian company. Production tests using Indian coal and iron ore have been carried out by Voest-Alpine in West Germany. The Indian Government is now considering whether to use this process instead of earlier plans for a more traditional large scale steelworks.

The Austrian Government is also offering to modernise India's Rourkela steelworks. It first made its offer two years ago and is now pushing its proposals because Rourkela is one of thre steelworks high on the Government's provisional priority *list for modernisation.*

● India has proposed creation of an Indo-Soviet Chamber of Trade during co-operation talks this week in New Delhi. A rift, which opened up earlier this year declining trade, appears to be healing rapidly and the Soviet team is emphasising its interest in expanding links with India's private sector.

Union chief may agree Nissan's UK car plant

By Charles Smith, Far East Editor, in Toyko

MR ICHIRO SHIOJI, the leader of the Japan Auto Workers' Union (Jidosha Roren) who has been a strong opponent of Nissan Motor Company's plans to build a car plant in Britain, is to give a press conference today at which he may well reveal that he has changed his attitude to the project.

A spokesman for the union confirmed last night that Mr Shioji has agreed to meet Japanese industrial reporters accredited to the Keidanren (Japan's equivalent of the Confederation of British Industries).

No agenda has been set for the meeting but union officials said it was certain that Mr Shioji would discuss the British project. Mr Shioji used the occasion of an earlier press conference at the Keidanren to announce his uncompromising opposition to the Nissan plan which he argues will cost far more and be much less profit*able than the company realises.*

Mr Shioji has the *de facto* right to approve or disapprove the despatch of Nissan employees, from foreman level downwards, to work on overseas projects. He has hinted that in the case of the UK project, he would not agree to Nissan workers being sent abroad. However the door has never been completely closed to compromise between the union and the company's management.

A spokesman for Nissan said yesterday he thought that differences of opinion still existed between Mr Shioji and Mr *Takashi Ishara, Nisson* president, but added that it was not true that the two men were "not on speaking terms." Mr Shioji attended a reception given by Nissan yesterday to celebrate the company's 50th anniversary and was seen exchanging an apparently cordial handshake with Mr Ishihara.

If Mr Shioji gives the go-ahead, Nissan will announce its decision to build a car plant in Britain before the end of 1983 and will start looking for a suitable site on which to build the plant early next year.

● Ten Japanese trading houses are extending a $200m credit to Hungary, **AP-DJ reports from Tokyo.** An official of Marubeni Corporation, lead manager for the credit, said the credit will enable the indebted Eastern European nation to *continue* importing Japanese goods. It is the fourth such credit.

The Peronist mystique may still live on in post-election Argentina

Isabelita returns, still an enigma

BY JIMMY BURNS IN BUENOS AIRES

ISABELITA PERON first enchanted the late General Juan Peron wearing a skimpy dress of ostrich feathers in the Happy-land night club in Panama City nearly 30 years ago. She may have come a long way since, but few Argentines are certain about her likely reception when she steps on to the tarmac of Buenos Aires airport tomorrow.

Her return from nearly three years' exile in Spain may be a major anticlimax—only a scattering of Peronist supporters tearfully waved goodbye to her when she left—or it may provoke utter chaos.

The security net of armed police already around the airport is an ominous reminder of the pitched battles between rival groups which followed her late husband's return from exile in 1973. At that time, hundreds were killed.

Isabelita, aged 52, was Gen Peron's third and only surviving wife, and Argentina's last civilian President. She remains an enigma. She has said little publicly since she was ousted from power in the coup of 1976 that might *indicate her political* intentions. Although some weeks ago she suggested she wanted to come back to Argentina once democracy was restored, some private reports *indicate that she was quite* happy in Madrid devoting her time to shopping sprees, fleeting romances and holidays on the Costa del Sol.

Her decision to break her exile was due to circumstances beyond her control. Last month Isabelita was invited by President-elect Raul Alfonsin to attend his inauguration on Saturday. To accept meant she ran the risk of being publicly overshadowed and politically hurt by the hugely popular Sr Alfonsin in post election Argentina.

Not to accept opened up the risk that her enemies might think she had finally given up all political ambition or that she was deliberately snubbing *the incoming* Government. Such an attitude would not be assured of wide support after Sr Alfonsin's sweeping victory.

Pushing her towards the first option have been the *problems of her own party and* the temptation to believe that only she could pick up the pieces after its shattering electoral defeat. For the past month, Isabelita has fallen prey to enormous pressure from a relatively small group of loyal friends who have convinced themselves that only "La Senora" can restore the Peronists party to its former status as Argentina's major political grouping. "She will come as an exterminating angel and resurrect us from the ashes," was the private bet of loyalists this week.

About 50 "Isabelistas" walked out of the party's national convention last September in protest at the way some union bosses and supporters of Sr Herminio Iglesias, the candidate for the governorship of the province of Buenos Aires, had appropriated key posts in the party without consulting Isabelita, the party chairman.

There is, however, nothing particularly democratic about the clique surrounding Isabelita, which has organised the official reception for her arrival over the head of Sr Lorenzo Miguel, acting president of the party and the powerful metal workers' leader.

Some of the more moderate members of Isabel's entourage insisted yesterday that her return will not signify a dramatic coup de grace within the party.

When he was alive, political acumen and sheer force of personality allowed Gen Peron *to reconcile the hotchpotch of* diverging interest groups contained within the party. When she inherited his mantle after his death in 1974, Isabelita proved herself to be a weak character, easily prone to manipulation.

She herself was put under house arrest after being accused of having embezzled or misused millions of dollars of public money, and her two properties in Argentina remain embargoed by court order.

Seven years later, the rivalries inside the Peronist Party—factions range from neo-fascists to Marxist revolutionaries—have been aggravated by the elections after a temporary truce during the campaign.

The politicis of necrolatry under which the official Peronist candidate, Sr Italo Luder, was overshadowed by the figure of Gen Peron, and the strong-arm tactics of the union bosses have been strongly questioned in the party's electoral post mortem. Not for the first time, some groups have demanded a major democratisation of the party through the election of a younger leadership

The split is nowhere more visible than in the trade union movement. The traditionally Peronist-dominated General Confederation of Labour now has one moderate faction within *its ranks which is seriously considering* breaking with the party and forming an independent organisation more open to negotiation with the incoming Radical Government.

Such a split is undoubtedly being stimulated by the Radicals' plans for union reform which aim to break the monopoly of power of men like Sr Miguel by curbing their control on union *fees and internal elections.*

Moderate unionists have also been encouraged by the appointment to Sr Alfonsin's government as an adviser without portfolio of Sr Angel Robledo, a *former Peronist Minister* of Defence and a strong opponent of Sr Miguel.

Isabelita's closest supporters believe that at the very least she should remain titular head of the Peronist Party, to continue as the fount of the Peronist mystique. But it remains to be seen how readily they will give up their push for power if she *finds* that her position is not as strong as she has been led to imagine.

France eases controls on small exporting companies

BY PAUL BETTS IN PARIS

THE French Government announced yesterday a new package of measures to help small and medium sized French companies to enhance their presence and export performance on foreign markets.

The new measuers unveiled by Mme Edith Gresson, the Foreign Trade Minister, form part of one of the main leit-motifs of the Socialist administration's present industrial policy with the government emphasis increasingly shifting from the big nationalised groups to the small and medium sized company sector.

To assist smaller companies investing abroad and establishing foreign marketing offices and agencies, the Government has decided to ease a number of French exchange control restrictions for this small business sector, and remove the obligation to borrow abroad for foreign investment.

Mmfe Cresson also announced the Government's decision to set up a French export higher education centre called Ecole Nationale d'Exporation (ENE).

Hong Kong-China N-plant

MR GORDON MANZIE, deputy *secretary of Britain's Department* of Trade and Industry, said yesterday that Britain and China have signed a provisional agreement expressing support for the $4.6bn nuclear power station planned by China in Guandong province, **Robert Cottrell reports from Hong Kong.**

The agreement provides a framework for detailed negotiation between the Hongkong Nuclear Investment Company (HKnic) and China's state-owned Guandong Power Company, which are to be the equity partners in the joint-venture station. While HKnic's shareholdings have not yet been finalised, they are expected to include the China Light and *Power Company, the larger of* Hong Kong's two electric utilities.

The agreement also refrred to commercial and financial aspects of the station, and to *the supply of equipment for its* conventional island by Britain's General Electric Company.

J. Henry Schroder Wagg, the British merchant bank, is understood to have been designated by GEC to prepare a comprehensive financial package in support of GEC's bid to supply turbine and generating plant to the project. Framatome of France is likely to supply two 900 MW pressurised water reactors.

Why Europe and the U.S. are falling out over trade relations

BY CHRISTIAN TYLER, TRADE EDITOR

A HIGH POWERED team from the Reagan Administration comes to Brussels tomorrow to talk with European ministers about trade disputes which cloud current relations between the Western allies.

The U.S. delegation includes Mr George Shultz, the U.S. Secretary of State, Mr Donald Regan the Treasury Secretary, Mr William Brock, the special trade representative and Mr *Malcolm Baldridge, the* commerce Secretary.

Resentment

The specific problem of last year—*the desire of the U.S.* to embargo trade in high technology goods between the West and the Soviet bloc—has been replaced by a broader, smouldering resentment on each side *of the* Atlantic of the trading policies adopted by the other.

Europe perceives in the U.S. a slide towards protectionism which does not tally with the avowed principles of the U.S. Administration. The U.S. sees European industry and agriculture as being propped up with unacceptable subsidies.

The problems between the U.S. and Europe are summarised in the panel. The most pressing one is the question of *agricultural subsidy and it* is here that trade war cannot be ruled out. President Reagan's team will be looking for assurances that the exports of U.S. farmers, both to Europe and to established markets elsewhere will not be blocked or threatened by subsidised EEC competition.

The U.S. Department of Agriculture has a range of *weapons in store,* although it is naturally reluctant to speculate when and where it might use them. They range from retaliatory bans on EEC products such as wine and cheese to a warchest of subsidy money with which it could back the disposal of $3bn worth of warehoused skimmed milk powder, butter and cheese. Any battle of subsidised sales on the world market would be very expensive, especially for the EEC, and it would hurt poorer commodity exporting countries.

"We don't want a trade war," says Mr Richard Lyng, U.S. deputy agriculture secretary, "but we will do it unless we can get the Europeans to observe the same rule of law. We cannot live with you in a world where that kind of policy (the CAP) continues for ever."

ISSUES THAT DIVIDE THE WESTERN ALLIES

AGRICULTURE

1. EEC export subsidies, part of the CAP, are the main U.S. grievance. U.S. farmers claim to be losing $3bn-$4bn a year of their third country exports. U.S. has counter-subsidised, e.g. on wheat flour, and both sides have "prosecuted" each other *in the Gatt. EEC says its* subsidies not disruptive of U.S. markets.

2. Vegetable oils and animal fats: Commission proposes a consumption tax to equalise EEC margarine and butter prices. Will hit U.S. oil exports if adopted: retaliation threatened.

3. Corn (maize) gluten: an extract used for animal feed. Similar Commission levy proposal, instigated by French and others.

4. Soyabeans: talk of import restrictions by EEC has set alarm bells ringing in U.S. Could provoke a major row.

STEEL

1. Carbon (bulk) steel: EEC forced into a voluntary export restraint agreement following U.S. industry anti-dumping suits. Runs to October 1985, *renewable.*

2. Special steel (e.g. stainless): U.S. has imposed global quotas and tariffs. Some countries have signed restraint agreements. EEC, refusing so far, seeks compensation on other manufactures, as entitled by Gatt rules. Negotiations resume next week. *U.S. complains of* "unfair" European subsidy of steel and other industries, e.g. high technology.

SOVEREIGNTY

The EEC continues to protest about the extension of U.S. law and trade regulations to overseas companies. For example:

1. Export controls: Renewal of U.S. Export Administration Act unlikely to satisfy European complaints about U.S. powers to interrupt trade between U.S. subsidiaries or licensees with other countries, e.g. East Europe and USSR. EEC may collectively take evasive action by legal means.

2. Taxation: renewed protest by EEC *and other multinationals* about 13 U.S. states' use of "unitary taxation" that takes their non-U.S. earnings into account. Talk of retaliation.

3 Banking: U.S. court subpoena on a Cayman Islands branch of a Canadian bank in a fraud case is seen as "riding roughshod" over existing agreements. The Caymans are under British jurisdiction.

4. Airlines: The recent anti-trust suit involving UK airlines following collapse of Laker Airways seen as unilateral assertion of U.S. law in breach of bilateral air services agreement.

Tensions are exacerbated by a mutual misunderstanding that amounts almost to a culture gap. Mr William Brock *says sadly:* "There is a lack of understanding here of the CAP, and a total lack of understanding in Europe of the feeling of injury here."

European diplomats, meanwhile, insist that American threats and actions—on steel imports for example—are based on a fundamental misunderstanding of the Community and of the purpose of government subsidies, whether agricultural or *industrial.* They maintain that U.S. farmers and manufacturers have suffered far more from the strength of the dollar and from loss of exports to indebted countries in Latin America, than *they* have from alleged unfair practices by the EEC.

The worry in Europe is that the U.S. Administration will increasingly give way to pres*sure for* protectionism from U.S. industry and its spokesmen in the Congress—particularly in an election year.

The House of Representatives has just voted through a Bill that would require the major proportion of motor cars assembled in the U.S. to be sourced domestically—though no one expects the Senate to follow suit with this hardy annual.

A Trade Remedy Bill has been tabled in the House. This would give the Administration the right to take action *if it* discovered evidence that industries were being "targetted" by America's competitors. It would also strengthen U.S. anti-dumping law. The EEC has protested against this bill.

Protectionist

The Reagan Administration is attempting to head off the protectionist sentiment by demonstrating that it can negotiate successfully with the U.S. competitors.

The recent extension of Japanese self-restraint in the export of motor cars was one such demonstration. Clearly the administration hopes it will return from Europe with further evidence of goodwill overseas.

Latest estimate doubles current account surplus

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

OFFICIAL ESTIMATES of Britain's balance of payments surplus for the first nine months of the year have almost doubled since the end of last month, it was disclosed yesterday.

The latest estimate from the the Central Statistical Office (CSO), published yesterday, was that the surplus earned this year up to September was £1.2bn compared with the previous official estimate of £670m, published the week before last.

The improvement results from a sharply increased estimate of the surplus earned on invisible trade compared with the earlier provisional figures.

It is now thought that invisible earnings recovered sharply from an unusually low level of £500m in the second quarter of the year to £900m in the third quarter. Both these figures are substantially higher than was believed earlier.

The latest perception of the current account surplus, with an estimated capital inflow of £1.4bn in the three months to September, may help to explain the recent firmness of sterling in the face of a very strong dollar.

Yesterday's third quarter balance of payments figures from the CSO give a rather blurred picture because they show a discrepancy of almost £2bn between estimates for the current and capital accounts. In theory the two must balance.

In the third quarter, the surplus earned on services fell by £131m, compared with the second quarter, to just over £1bn. The major reason for this was a £110m increase in the deficit on travel.

The figures show a continued buoyancy of UK private investment overseas, which rose slightly to nearly £2.8bn in the third quarter.

In the first nine months of the year, total investment overseas was £8.75bn, which was 13 per cent higher than the figure for the same period last year.

The major contribution to this flow was the continued high rate of portfolio investment overseas by pension funds and other institutions. This was running fairly steadily at the average rate of £1.7bn per quarter in the first nine months of this year, an increase of 14 per cent on the equivalent figure for last year.

Managed currency fund is launched

By Clive Wolman, Savings Correspondent

SMALL INVESTORS are being given the chance to benefit from the minute-by-minute trading of a leading bank in the world currency markets through a managed fund that was launched yesterday.

The European Banking Company, a London and Brussels-based consortium owned by seven prominent European banks, including Midland Bank, has set up the dollar-denominated fund which will be based in Jersey. The open-ended fund, which allows investors to withdraw their assets at five days' notice, has been given a quotation on the London Stock Exchange.

The fund is structured to avoid any corporation tax on profits, and the interest it receives will be "rolled up" inside the fund rather than being distributed to boost the value of the underlying assets. As such, it is the first offshore roll-up fund to be launched since September, when the Government announced that it would legislate to stop such funds from converting income into more lightly taxed capital gains.

Onshore oil search to intensify

BY IAN HARGREAVES

THE SEARCH for oil on the British mainland is set to become more intense with the award yesterday of a further batch of exploration and production licences.

Mr Peter Walker, the Energy Secretary, announced nine licences for production and eight for exploration. He said that a review of the licensing procedure, which is expected to lead to streamlined arrangements, would be completed shortly.

Yesterday's awards bring the total of licences outstanding to 112 for exploration and 97 for production. Not all the licences have been actively pursued, in some instances because planning authorities have withheld their permission.

Production from the onshore fields is running at about 5,200 barrels per day, which is a small fraction of total UK oil production but one which the Government is keen to encourage.

As part of that encouragement, Mr Walker is expected to announce early next year the results of the licensing review.

Two possible changes are thought to be under consideration: a switch to a system of licence application dates, rather than the current free-for-all, and a reduction of size in the area covered by licences, to appeal to smaller companies.

Yesterday's awards covered a wide range of locations including, for the first time, licences to explore in the Highlands of Scotland, which went to Charterhouse Petroleum and Burmah. This is the first entry by Burmah into UK onshore exploration since its financial crisis in 1975.

Other exploration licences are for sites in Gloucestershire, Wiltshire, West Yorkshire, Greater Manchester, Derbyshire, Dorset, Somerset, Humberside and Hampshire.

The production licences cover Fife in Scotland, Humberside, Lincolnshire, Dorset, Hampshire and East and West Sussex. The most promising discoveries so far have been at Wytch Farm in Dorset and Humbly Grove in Hampshire.

The companies licensed range from British Petroleum to newcomers like Honey Bear Petroleum. Others are Harlech Exploration, Moray Petroleum, Cluff Oil, Amoco, Hamilton and Carless Exploration.

Small business report attacked

BY TIM DICKSON

THE BRITISH Government is angry about a recently published report which compares the climate for small businesses in the 10 member states of the European Community – and puts the UK near the bottom of the league.

After studying the document yesterday, Mr David Trippier, the Junior Industry Minister with special responsibility for small firms, said, "It's misleading. It is trying to weigh a diverse range of factors which are not directly comparable ... and it involves an element of subjectivity."

The report, commissioned by the United Kingdom Organising Committee for the 1983 European Year of the Small and Medium Sized Enterprise, was prepared by the Economist Intelligence Unit, (EIU). It compares "environmental factors" such as labour costs, premises, taxation, the supply of credit, legislation and overall economic activity.

The most controversial section, however, is the ranking of European Community countries "in order of their favourability to profit maximisation by existing small businesses" conducted by an independent assessment group led by the former head of the U.S. Small Business Administration, Mr Vernon Weaver. This puts West Germany, Greece and France in the top three positions, but the UK – which scores particularly low marks for labour and premises – comes a humiliating ninth out of 10. Italy prevented the UK from receiving the wooden spoon.

Joint accord on job creation reached

BY JOHN LLOYD, INDUSTRIAL EDITOR

GOVERNMENT employers and unions have come closer to a tripartite approach to economic management than has been politically possible since the 1979 general election.

The three parties on the National Development Council (NEDC) reached a remarkable agreement at yesterday's meeting – called to discuss "where will the new jobs be" – to embark on a joint study of job creation which would ultimately commit Government, the Confederation of British Industry (CBI) and the Trades Union Congress (TUC) to compromise and action.

The exercise is expected to take much of next year. The "Group of Four," which services the council – Mr Peter Middleton, the Treasury permanent secretary, Mr Len Murray, the TUC general secretary, Sir Terence Beckett, the CBI director general, and Mr John Cassels, the NEDC director general – will produce a programme of future discussions, probably in February.

Mr Cassels said that the early discussions would focus on relatively uncontentious areas such as education and training – then move to other issues such as labour and market constraints. "Nothing has been barred" he said – an indication that such vexed subjects as wages, profitability and housing could figure on the year's agenda.

Mr Moss Evans, the left-wing general secretary of the Transport and General Workers' Union, called for more top level contact between unions and employers.

The clear signal from the TUC for a return to joint discussions is likely to be welcomed by the CBI – though it will not be acted on immediately, nor is it expected to result in the regular meetings and dinners which were a feature of the 1974–79 Labour Government period.

Mr Nigel Lawson, the Chancellor and chairman of the council, said that the issue of unemployment and new jobs was "at the heart of our economic problem" and that the papers prepared for the meeting by the Treasury and the TUC "both rejected councils of despair."

However, the differences between the unions and the Government remain very wide. The TUC, in a closely argued submission drawing on work by the Cambridge Economic Policy Group, estimates a "real jobs gap of 5m by the end of the decade, with registered unemployed between 3.7 and 4.2m.

It forecasts a growth in the labour force of 600,000 to 1990, with average growth in gross domestic product (GDP) of 2 per cent and productivity growing between 2 to 3 per cent.

U.S. example in job creation, Page 6.

Unions at Eagle Star and Allianz to confer

BY DAVID BRINDLE

UNION LEADERS representing staff of Eagle Star Holdings are to travel to West Germany to compare notes with unions at Allianz Versicherung, the insurer which is bidding to take over the British group.

Leaders of the Banking, Insurance and Finance Union (Bifu) have already met unions representing employees of BAT Industries, the tobacco group vying with Allianz for Eagle Star.

The two-day meeting with officials of Allianz unions in West Germany and Austria will take palce in Munich next week under the auspices of Fiet, the Geneva-based private sector white-collar trade union federation.

Two Bifu officials will be present at the meeting and on the agenda will be comparative studies of collective bargaining structures, salary levels, trade union membership and workers' rights

Cement makers to hold prices

By Peter Bruce

BRITAIN'S three big cement producers, Blue Circle, Rugby Portland Cement and RTZ Cement, have decided not to increase cement prices.

The decision, announced after talks yesterday, appears to have failed to dampen widespread speculation in the City of London that a rise of about 5 per cent might be announced before the end of the year.

United Biscuits campaign fails

By Philip Bassett

WORKERS at the United Biscuits plant in Liverpool voted by a 15-1 majority yesterday to abandon their campaign to save 60 per cent of the plant and half its 2,000 jobs.

This followed a decision by the company to reject a detailed union case for alternative production.

The plant will now be phased out over the next three years,

Renault prices to rise 3% in UK

By John Griffiths

RENAULT is to raise its UK car prices by an average 3 per cent from mid-January. The company said yesterday that details of the increases will be announced later.

The timing of the increase appears to be intended to boost the company's falling market share during the current year.

UK NEWS

'MORE JOBS' IF TRENDS CAN BE IDENTIFIED

Chancellor puts American job creation schemes under scrutiny

BY JOHN LLOYD, INDUSTRIAL EDITOR

MORE JOBS may be created in Britain if the UK can identify and reduce the differences between its recent employment trends and those in the U.S., according to a memorandum submitted yesterday by Mr Nigel Lawson, Chancellor of the Exchequer, to the National Economic Development Council.

Successes in creating jobs in the U.S. are encouraging, the memorandum notes, because experiences there "often foreshadow developments in this country."

The main shift in the UK and the U.S. in recent years has been from manufacturing to service jobs.

The Chancellor's submission is in four parts. The first discusses employment patterns in the UK over the last 30 years; the second draws on U.S. experience for comparisons; the third identifies obstacles to change and how they might be overcome; the fourth "draws tentative conclusions" on future employment patterns

Wages in the U.S. appear more responsive to market conditions Real hourly earnings have fallen over the past five years. There has been some growth in the manufacturing sector there, though it suffered a sharp fall in 1981-82.

However, nearly all the increase of 13m in jobs between 1973 and 1983 was in three main service groups: wholesale and retail trading; finance, insurance and real estate; and professional, scientific and "miscellaneous" services.

"Compared to Britain, a much higher proportion of the increase in demand for services fed straight through into an increase in employment."

The paper stresses that "wages in service industries have grown more slowly than in manufacturing. This fact, which partly reflects the greater flexibility of labour markets in the service industries in the face of increasing labour supply, seems to have contributed to the growth of employment in those industries."

The growth areas in U.S. employment are varied: more lawyers, accountants, estate agents – and more cooks, waitresses and restaurant managers. The numbers of computer specialists has doubled, and there have been large increases in the numbers of engineers and science technicians.

"U.S. experience of creating new jobs is a generally encouraging one for Britain. Many of the same trends can be seen in the changing employment patterns in both countries, and if the pace of change seems to have been faster in the U.S. and the capacity there to adapt has been that much greater, it is all the more important to try to identify factors impeding change in this country and see what can be done to reduce them."

The third, central section identifies these obstacles. They lie in the areas of:

- *Adaptability.* Management must move into new areas, take new risks: employees must learn new skills, new working patterns and "where necessary move from places where jobs are being lost to those where they are on the increase."
- Productivity and technological change. These will alter the pattern of employment – and can prevent job loss if the gains from higher productivity are passed on in lower prices.
- Responsiveness to demand. Flexibility is limited by a number of factors – including the "existence of a large public sector." Neither the public sector nor the manufacturing sector are expected to provide new jobs – these will be found largely in the private services sector.
- Making the labour market work. Adapting to a rapidly changing labour market means working more flexible hours, and accepting new forms of employment contracts, seven-day and multi-shift working. Occupational schemes should be made "portable", while companies should introduce more bonus and other performance related-systems.

British Steel cuts halfway losses to £98m

BY PETER BRUCE

THE BRITISH Steel Corporation (BSC) will once again fail to break even this financial year, despite the publication yesterday of dramatically improved interim results. Total losses in the six months to October 1 fell to £98m from £486m during the first half of 1982.

BSC, which is state-owned, said "relatively favourable" trading conditions in the first half had helped it to exceed both production and sales targets. But it warned that because of price fragility throughout Europe it would not be able to restrict second-half trading losses to the £39m achieved in the first six months.

The corporation had hoped to be trading at breakeven by next April, but it has been defeated by extensive discounting by European steelmakers. It called for "an effective European steel regime to maintain discipline in the market."

Although production rose to 6.6m tonnes from 5.8m tonnes in the previous six months, and 5.9m tonnes in the first half of last year, turnover fell slightly, to £1.05bn from £1.08bn and £1.1bn.

By far the biggest saving was made on redundancy and other extraordinary costs, which fell from £330m in the first six months of 1982 to £25m, confirming reports that BSC is near the end of its major job pruning programme.

The £73m loss after tax but before extraordinaries is down from £156m in the 1982 first half. It reflects major gains in the trading position, down from a £97m first-half loss last year, and in short-term interest payments, which have fallen from £24m to £8m.

BSC's somewhat muted warning on European steel prices hides real fears in the corporation that discounting might worsen in the last half of the year. Mr Bob Scholey, BSC's chief executive, warned in October that the corporation was discounting "more than we would want to" and complained that BSC was being forced to "sell at 1979 prices at 1983 costs."

NatWest optimistic on British economy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE PROSPECTS for the UK economy appear better than at any time in the last decade, says the National Westminster Bank in its latest Economic and Financial Outlook.

Nevertheless, the bank is somewhat less optimistic than the Treasury about the rates of growth of output and prices next year.

The Treasury is expecting output to grow by 3 per cent, with the inflation rate falling to 4½ per cent by the end of the year. The bank thinks the growth rate is more likely to be 2½ per cent, with a slightly higher inflation rate averaging about 5¾ per cent for the year as a whole.

The bank believes, however, that inflation will remain "under firm control" during the year.

It predicts that next year, the Government's target for the three main indicators of money supply M1, sterling M3 and PSL2 will be reduced from the present annual growth rate of 7 to 11 per cent to a new range of 6 to 10 per cent.

In addition, it believes that a new target for M0, the narrowest measure of money, which consists mainly of notes and coins, will be set at 4 per cent to 8 per cent.

UK interest rates are expected to be little changed, with the bank's base lending rates remaining on average at about 9 per cent through the year.

The U.S. banks' prime lending rate is expected to remain at the present 11 per cent until the end of the next year, with 3-month Eurodollar rates staying at about the present rate of 10 per cent.

The dollar is expected to remain firm throughout 1984, and to appreciate by about 4 per cent during 1985. The pound's value against a trade-weighted basket of currencies is forecast to decline by about 2 per cent by the end of next year but to remain little changed in 1985, forecasts the bank.

Healey call for IMF aid to Third World

BY DAVID LASCELLES

FINANCIAL TIMES
World Banking in 1984
CONFERENCE

WITH WORLD growth the key to solving the Third World debt crisis, Western governments should abandon "Sado-monetarism" and relax economic policies Mr Denis Healey, Labour Party spokesman on foreign affairs, said yesterday.

The former UK Chancellor, addressing the Financial Times Conference on World Banking said all other solutions, well intentioned though they might be, were not realistic.

The best would be "a massive increase in both the role and resources of the IMF and the World Bank." Mr Healey doubted that Western governments would agree to that. He was also sceptical about chances of a drop in interest rates and the ability of countries such as Brazil, Argentina and Mexico to endure their IMF imposed austerity.

Debtor countries would not default he said, but the terms they were dictating to the banks were worrying because they undermined the IMF and weakened bank balance sheets.

But Mr Minos Zombanakis, chairman of CIGNA International Holdings, said the less developed countries (LDCs) must be given time to adjust to their debts and this required a concerted effort on the part of the Group of Ten. Neither the banks nor the financial system nor the borrowers had the capacity to do it on their own.

The ability of the Latin American countries to service their huge loans was no longer a matter of economic possibilities but of political reality.

To be realistic it had to be admitted that loans must be consolidated and handled within a reasoncble timespan.

Prof Brian Griffiths, Dean of the City University Business School, said the solution should be left as much as possible to free market forces because these would be most efficient. There should be no arm twisting or bailing out of the banks and no enlargement of the IMF's present role.

"A tough new breed of entrepreneurial bankers will have to cope with the challenges facing banks today," said Dr Manfred Meier-Preschany, managing director of Dresdner Bank. Future growth in banking would not come from traditional operations, he said, and his bank had formulated a new strategic plan to identify growth areas including fee-based activities, trade finance factoring and forfeiting.

Dr Hans Mast, executive vice-president and economic adviser at Credit Suisse, predicted that the recovery in the industrialised countries would last until 1985 if not longer. Barring serious policy errors he believed these countries had shaken off the problems of the 1970s and early 1980s, and saw an era of sustained expansion.

Giving a commercial bankers viewpoint, Mr Francis Stankard, executive vice-president at Chase Manhattan, said the viability of the international banking system was "a great testimony to the intellect and wills of the international bankers of the world. To them I say hold your head high. You are carrying out your unprecedented responsibilities in an exemplary manner. You are contributing greatly to the welfare of your fellow men."

Ulster politician shot

BY OUR BELFAST CORRESPONDENT

A PROMINENT member of the Northern Ireland Assembly, Mr Edgar Graham, was shot dead in Belfast yesterday by the Provisional IRA. His death seems certain to stiffen the resolve of the Official Unionist Party to boycott the Assembly, the body set up to prepare for limited power sharing in the province.

The killing was widely condemned by politicians of all parties north and south of the border, including Dr. Garret FitzGerald, the Irish Premier, and Mr Charles Haughey, leader of the Opposition.

Political tensions in Ulster are higher than at any time since the killing two years ago of the Rev Robert Bradford, Unionist MP for South Belfast. It is now clear that "loyalist" politicians are regarded as targets both by the Provisionals and the Irish National Liberation Army (INLA).

MANAGEMENT: Marketing

EDITED BY CHRISTOPHER LORENZ

Martyn Barnes
Edouard Leclerc, of Leclerc Supermarkets (left) and Denis Dufforey, head of Carrefour: using comparative advertising—which contravenes government regulations—in their bids to retain customers

Discount war hots up in France

BY PAUL BETTS

"IT REALLY starting bugging us. People started forgetting we had the lowest prices, that we were the first to open a hypermarket in France and in Europe 20 years ago and that we are the biggest hypermarket chain in the country," remarks—in a somewhat agitated way—Benoit de Laurens, one of the people behind the latest controversial marketing campaign of Carrefour, the giant French distribution group with annual sales of about FFr 30bn (£2.5bn).

The Carrefour campaign is the latest chapter in the marketing and sales battle that has been developing with growing intensity in the French mass retailing sector ever since the Socialist Government introduced its price freeze in 1982 and followed it up with its austerity programme last March. Consumer spending has been declining, although not by as much as the Government had hoped, forcing the supermarkets and hypermarkets to do battle in a market which to all intents has been saturated for the past three years.

But the Carrefour campaign is also a direct response to a unique French retailing phenomenon embodied in Edouard Leclerc, the unorthodox and outspoken discounter from Britanny. He has been challenging the Socialist Government and France's fixed prices regime with his discounts on petrol and his plans for big discounts for tobacco and pharmaceutical products. In turn, his co-operative-style supermarket group, built over 30 years, has now grown to challenge Carrefour for the number one spot in the French mass distribution market.

"Leclerc has achieved a formidable coup," acknowledges de Laurens. "His campaign for cheap petrol this summer and his political campaign on freedom of prices has intoxicated the French public to believe his prices are really the cheapest. We had to do something spectacular to remind consumers that Leclerc is not the only big discounter."

The Carrefour response was to start taking out full page advertisements in local newspapers showing how the hypermarket chain's prices compared with other local rival stores. In so doing, Carrefour was breaching one of the ground rules of French advertising standards which prohibits so-called comparative advertising.

The move prompted immediate reaction from Carrefour's rivals. In Chartres, a rival Intermarche store was so infuriated by the Carrefour price comparisons that the manager sent 15 of his men to buy up all the deep discounted products Carrefour had advertised. His employees filled trollies with some FFr 100,000 worth of goods from the Carrefour store and then took them to the Intermarche store for sale. "I didn't see why my customers shouldn't take advantage of Carrefour's prices," explains Jean Francois Rioton, the Intermarche Chartres branch manager. "So I bought the goods and offered them for sale at the same price in my store."

Many of the other big rivals of Carrefour subsequently responded by launching their own price comparison advertisements in local newspapers. But the real battle of words and comparisons in the newspapers has been between Carrefour and Leclerc. Carrefour kicked off its campaign with the slogan "Carrefour invents comparative pricing." Leclerc reposted with "Edourd Leclerc does better" and "the crossroad of illusion" punning on the word "carrefour" which means a crossroad in French. Since the first appeared two weeks ago, their number has grown at increasing pace.

For Carrefour, the new campaign is a major change in marketing policy. The retailer had in recent months adopted a so-called "soft" marketing approach emphasising the quality of shopping at its hypermarket stores. However, the recession in France and the slow-down in consumer demand has inevitably made discount prices the prevailing marketing argument.

But the Leclerc media campaign of the past months has not been the only factor putting pressure on Carrefour. The hypermarket concept has also come under increasing attack from smaller supermarket stores. Indeed, an evolution has been taking place in consumer shopping habits in France. "Consumers are no longer as keen as they were before to treck out 20 kilometres to a hypermarket and make a big day outing of it," explains Brigitte Pascaud, a retailing industry analyst with Credit Commercial de France, the nationalised French bank. Proximity, she adds, has become a major factor.

Leclerc has scored against the large hypermarkets because his stores are closer to urban centres. Moreover, they are generally strategically located on the arteries leading out to the hypermarkets and enable the supermarkets to lure away some of the customers of the bigger but more distant emporiums.

The battle between hypermarkets and supermarkets has been compounded by the fact that there has been no room for real expansion in the mass retailing market in France since 1981. This is the result of a notorious law—the loi Royer—passed in the previous administration of President Valery Giscard d'Estaing and maintained so far by the Socialists. The law is designed to control the growth of large hypermarkets and supermarkets in France to protect small commerce.

By 1981, the authorities felt that the correct balance between large and small stores had been reached. This gave the large distribution outlets a 38 per cent share of the French retailing market and smaller stores the other 62 per cent. Permits for new hypermarkets and supermarkets have been cut back and in many cases the procedure has been bedevilled by local and central politics. With little opportunity for new expansion, the big distribution groups have increasingly had to try to make inroads in each other's markets for growth.

The Government has so far turned a benevolent eye on the latest twist in the French mass retailing war. Although the price comparisons infringe French advertising regulations, the Government has welcomed any factor assisting it in its uphill struggle to hold down the rate of inflation in France. The Government has already lost its 1983 inflation battle. The revised October monthly price index figures showing a 0.8 per cent rise over September imply an inflation rate of more than 9 per cent this year. Originally, the Government had hoped to contain the rate of inflation at an annual rate of 8 per cent, subsequently revised to a new 9 per cent target. Next year, the Government is still sticking to a hopelessly optimistic target of a 5 per cent annual rate.

Indeed, the Government itself has recently indulged in a little comparative advertising of its own. To win greater public support for its anti-inflation policies, the finance ministry has been airing advertisements on television.

The government television spots show five windsurfers racing on choppy waters. Each windsurfer has a sail depicting the flag of one of the major industrial countries. The French surfboard has added on its sail the figure of 5 per cent. "With 5 per cent inflation France is still in the race," is the government slogan.

Nonetheless the government, which is contemplating revisions in advertising standards to allow some comparative advertising in France, is worried that the current mass retailing price battles could get out of hand.

In the case of the recent petrol discount war started by Leclerc this summer, the government has now agreed to increase the discount petrol stations are allowed to offer consumers below the government fixed price. Leclerc has gone even further by offering discounts, below the permitted minimum. But while allowing bigger discounts, the government has also pledged to introduce measures to protect small garages which fear the big groups will eventually drive them out of business.

Photochromic lenses

Looking on the sunny side

DRACULA stalks across the room, a tortured figure doomed to a twilight world, his only *solace* a glass of full-bodied red wine. Suddenly the light brightens. A pair of photochromic sunglasses is thrust into his hand. He slips them on as the lenses darken. The Bela Lugosi accent magically disappears. The widow's peak vanishes. The ashen face colours into ruddy health. "Sunshine nearly killed me," says the count. "But in seconds I was free." End of shot as the Transylvanian smoothie, blonde on arm, heads into the sunlight to the ringing note of "Reactolite *Rapide—they're not just sunglasses.*"

The filming of this latest piece of intellectual theatre from the lockers of the advertising world has just been completed for Chance Pilkington,

the UK manufacturer of Reactolite Rapide lenses, ready for UK television in the spring. It will be the next shot in a series of marketing battles under way in the photochromic slice of the sunglasses industry, where the lenses are manufactured by the big U.S. multinational, Corning Glass, the West German company Schott, and Chance Pilkington, the ophthalmic division of the St. Helens-based Pilkington group. Each of these produces lenses to its own specification, offering varying qualities and performance.

Corning is by far the biggest, its volume output at least three times that of the British manufacturer, the smallest of the three.

The photochromic sunglass industry, which accounts for 17 per cent of sunglass sales worldwide, is already reeling from Corning's decision last year to market the complete product—lens and frame—under the brand name Sunsensor. That decision and its parallel one to halt sales of Corning lenses to other sunglass producers is still transmitting shock waves *through the industry's complex* production and distribution network.

The XP2, the flagship of the new Sunsensor range, combines in one lens photochromic qualities with the anti-glare benefits of polarised lenses and is billed as "the most advanced optical performance lens in the world."

Chance Pilkington closely watched the re-emergence of Corning onto British television screens this summer after a two-year absence and its selling of lenses and frames under its own brand name for the first time.

For a company of its size, Chance Pilkington, which makes a range of photochromic and non-photochromic lenses at its sole plant in North Wales, has used its Reactolite Rapide sunglasses to achieve a remarkable penetration of a few selected markets, including Japan. But now it recognises a need to be on its mettle to protect what it has won, especially as lens development appears to have taken a further step forward.

Producing two-thirds of its photochromic glass for the retail sunglasses market and one-third for prescription lenses, and exporting 70 per cent of what it makes, Chance Pilkington's most marked success has been, not surprisingly, in its own back yard.

Before the launch of the Reactolite Rapide lens in 1977 as the world's fastest reacting glass, the company's earlier reactolite lens had given Chance Pilkington just 10 per cent of the UK photochromic market which itself accounted for only a fifth of total sunglass sales. At that time Corning, which invented the first photochromic lens in the 1960s, was a clear UK market leader.

Now Reactolite Rapide claims 85 per cent of the photochromic share of the British market. The photochromic share itself has risen to around 40 per cent of the total of 5m pairs of sunglasses sold yearly in the UK.

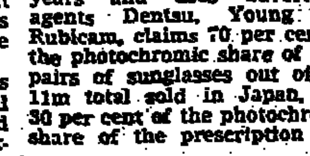
"Working in the sunglass market has always been a tough business," says Richard Melling, Chance Pilkington's promotion and production development manager. "We

have taken 85 per cent of the UK photochromic market. *There is only one way from* there unless you are careful and that is down. Responding to need is important and that's what we are doing."

Corning, whose non-appearance on British TV screens for two years while its production and marketing policy was completely reshaped around Sunsensor, reduced its market share further to just a few per cent of the UK market.

Philippe James, Corning's sales and marketing manager in France, says that the £500,000 invested in the Sunsensor ads on British TV this year has raised its share of the photochromic market to the 8 to 10 per cent it was initially aiming for. James says Corning is seeking a "reasonable" share of the British photochromic market.

Japan is another key market for Reactolite Rapide. Chance Pilkington, which has had a subsidiary company there for 20 years and uses advertising agents Dentsu, Young and Rubicam, claims 70 per cent of the photochromic share of 1.1m pairs of sunglasses out of the 11m total sold in Japan, and 30 per cent of the photochromic share of the prescription lens



market. Corning would hold the balance in both those sectors. Melling's prediction for the battle in Japan is that it will be "fierce." "There may be a winner and a loser."

These markets, however, are small in comparison with the U.S. where photochromic accounts for 14 per cent of the huge annual sale of 70m pairs of sunglasses.

Corning has had a virtual stranglehold on this market though Reactolite Rapide has chipped away at its base over the past two years and now claims a tenth share of the photochromic sector. This has been achieved through its relationship with Visual Scene, a Florida-based sunglass marketing company, using Chance Pilkington lenses marketed under the brand name Performance. They are sold only in drugstores. "Our approach is to go narrow and deep," says Melling.

Chance Pilkington intends protecting its market shares by the same principles it has followed to build them—strong relationships with distributors and retail outlets, strongly branded image and product development. Sunsensor XP2 is a product Chance Pilkington "will have to respond to," says Melling.

Nick Garnett

TECHNOLOGY

EDITED BY ALAN CANE

OPTICAL FIBRES CARRY LIGHT ENERGY POWERFUL ENOUGH TO MELT METAL

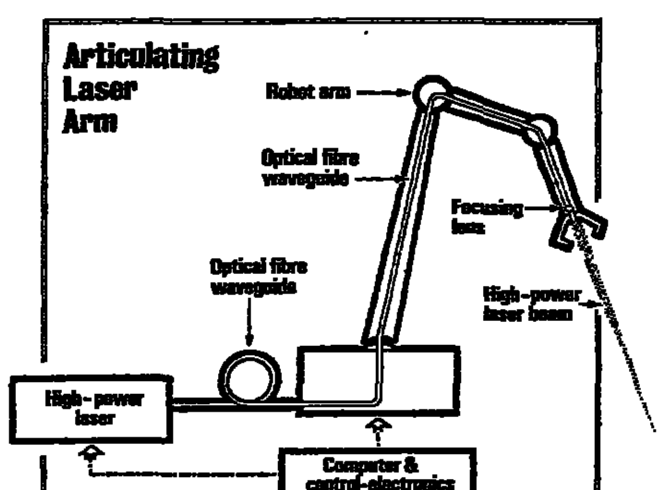
Laser beams show their power

BY DAVID FISHLOCK, SCIENCE EDITOR

TWO U.S. industrial laboratories have shown that optical fibres can be used to transmit powerful beams of laser light, of the energy levels needed to melt metal, for instance. Both foresee this as a convenient way of delivering energy to the tools of a robot without reducing the robot's dexterity and versatility.

One problem with high-power lasers is that they are large electrical machines, apparently incompatible with the mobility expected of small robots. The laser energy is normally delivered to the workplace by a large, fixed waveguide, akin to a bus bar, with its own inconveniences and hazards.

Researchers at Bell Laboratories, however, have shown that the flexible "light pipes" used to carry low-power laser signals *in* optical communications can be adapted to handle very high power levels. Thus they can be used as a flexible link between the workplace and a remote laser energy source.



Sketch of an articulated arm devised by Bell Lab researchers to deliver a high-power laser beam under robot control. The U.S. General Electric Corporation has also developed a robot "wired" for laser energy by optical cable.

> The Bell scientists envisage several robots working in concert on complicated laser processing tasks, unhindered by the bulk of the beam generator itself.

The Bell team led by Dr Chinlon Lin, of the laser science research department, developed the demonstration sketched here. It consists of an articulating arm through which runs an optical waveguide capable of transmitting laser radiation as pulses or as continuous power. The articulating arm in this case is designed for manual control as a laboratory tool but could be automated.

The Bell scientists showed that optical fibres can now be selected which are highly compatible with different wavelengths of laser light. For example, in the near-infrared at 1 to 2 micrometres, as delivered by high-power neodymium-YAG lasers, silica fibres have excellent transmission characteristics. Losses can be as low as 0.001 decibel per metre at a wavelength of 1.06 micrometres. Silica fibres can also be used for high-power argon and krypton gas lasers, and for ruby and alexandrite solid-state lasers, they found.

Special ultra-violet silica glass fibres, of the kind reported by Quartz and Silice in France, can be used efficiently at shorter wavelengths, 0.3-0.4 micrometre. Losses measured here were higher, 0.1-0.2 decibel per metre. But they are still considered low enough to be useful for transmitting the energy of high-power ultra-violet lasers such as helium-cadmium and excimer lasers, useful for photochemical processing, for exampe in semiconductor manufacture.

The Bell scientists say that they have found suitable optical fibre waveguides for carrying high-power laser radiation efficiently, at wavelengths from ultra-violet to near-infrared, for at least 5 to 10 metres. This is enough to allow the bulky laser head with its power supplies, cooling, etc, to be kept well apart from the robot, isolated in its own protective cubicle for instance, so that there need be no electromagnetic interference with the robot's computer.

All that is required at the output end of the light pipe is a micro-lens for beam focusing.

The articulating arm used to demonstrate these ideas carries the focused laser beam in hollow dielectric tubes to the *workplace. It has been* developed for long-wave infrared radiation.

The micro-lens launches the laser beam into one end of a series of quartz or silica tubes. Mirrors turn the beam through the five "elbows" of the arm. The walls of the tubes can also carry visible light through the arm to illuminate the workplace.

But the many "elbows" present problems if one attempts to programme the robot to hold and steer the tip of the artciulating waveguide. So the scientists propose a master-slave arrangement in which the slave arm carries the waveguide, while a high-precision master robot such as a Microrobot Alpha positions the beam with an accuracy of 250 micrometres.

Researchers with U.S. General Electric's research and development centre in Schenectady report that they have provided laser energy to a robot through an optical fibre of glass through distances of 25 metres to cut, weld and drill metal.

In trials reported at the International Conference on Lasers and Electro-Optics in Los Angeles, Dr Marshall Jones, manager of GE's laser technology programme, said the *experimental combination of* laser and robot had cut intricate patterns in steel, titanium and nickel alloys at up to 25 centimetres per minute. The optical waveguide can carry 400 watts of average power to the workplace — and over 10 kilowatts of peak power—from a neodymium-YAG laser, he said.

The demonstration uses what Dr Jones calls an "input coupler" to focus the laser beam of about 18 mm *diameter* down to 1mm, the diameter of the light pipe inside the cable.

> One problem with high-power lasers is that they are large electrical machines, apparently incompatible with the mobility expected of small robots.

GE foresees a single laser feeding energy in this way to several robots simultaneously, through flexible, lightweight optical cables.

The Bell scientists envisage several robots working in concert on complicated laser processing tasks, unhindered by the bulk of the beam generator itself. Beams of different wavelengths could thereby be brought into play. "The combination of technology of high-power lasers, optical waveguides, and robotics will certainly open up a new era of laser material processing," they say.

HITACHI USES MEMORY ALLOYS

Metal hands with human-like reflexes

BY PAUL WALTON

A HIGHLY dextrous robot *hand developed by Hitachi has* novel metal joints which can flex. It is also claimed to be very similar in its action and abilities to a human hand.

The Japanese hand, which has three fingers, each with four joints and a two-joint wrist is both fast and flexible in its movements thanks to the shape memory alloy from which it has been made. Hitachi sees this development as the advent of a "nervous system" which exercises fine control over movement of the joints.

This robot hand does away with a bulky servomotor, which is often both the force and the control behind other industrial robots. Its actions are directly controlled by the particular alloy from which its joints are made.

Hitachi's robot hand is still four to five times as long as a human hand, being some 70 centimetres long and with a 40 centimetre actuator, or arm which provides the power source in addition.

But the company claims that *its device is still more compact* than industrial robots using bulky servomotors, which can be twenty or thirty times the size of a human hand.

The robot hand weighs just 4.5 kilograms in all, but Hitachi says that it can lift goods up to 2 kilograms.

The nickel titanium alloy which forms the joints will flex and bend under the heat generated when an electric current is applied to it, emulating the human nervous systems control of a hand muscles.

But unlike our more flexible hands, the robots shape memory alloy simply "remembers" a pre-programmed sequence of positions into which it is capable of moving and is limited to these set gestures.

Each individual joint will flex by a certain amount when it becomes hot. This heat is supplied by 12 bundles of shape memory alloy wire—which are of comparable size to human nerves, being just 0.2 millimetres thick—attached to each of the separate joints. The *heat* and the *speed at which* it is applied are directly related to the action of the joints.

The precise degree of movement of one of the robot's joints is ultimately controlled by a series of microprocessors: working together these chips can animate fixed gestures.

A *robot hand* has been demonstrated moving at speeds of up to 90 degrees per second, making it practicable to consider using the hand for far more delicate work than has previously been possible.

The company is preparing to put its robot hand to practical use in hazardous or difficult conditions where dexterity is important. It will be employed in a wide range of jobs inside the diverse group from the manufacture of semiconductors, to underwater repair work and *as a medical micromanipulator.*

Future development of the robot hand's dexterity and strength depend not upon its microprocessor controllers, but on advances in the manufacture of shape memory alloy.

Hitachi said that improvements in the hands performance depended upon a shape memory alloy which could fast-cool and hence quickly regain its initial shape.

He added that such an alloy should also be easier and cheaper to fabricate, suggesting *that there are still some* problems which must be overcome before the robot hand becomes commercially available. The company did not say when or if the robot hand might come to market.

● Meanwhile in America, an eminent computer scientist has claimed that computers may one day be capable of human emotions, creativity and intelligent thought—but he did not say when.

Professor Marvin Minsky of the Massachusetts Institute of Technology (MIT) was speaking to the magazine Psychology Today about the concept of "artificial intelligence" which he is credited with originating.

"We could make something that flew into a rage right now, but that would be a brainless rage . . . I'm sure that once we can get a certain amount of thought, and we've decided which emotions we want in a machine, that it won't be hard to do," said Professor Minsky.

He gave no timetable for the day when computers might be *programmed for, or generate* their own thoughts. Scientists like Professor Minsky working on artificial intelligence projects in Japan and Europe have not yet conquered basic problems like giving computers the ability to learn he acknowledged.

Information

OECD members argue over data flow

INFORMATION technology is causing a serious disagreement among the OECD countries. At a symposium on the subject last week, delegates argued over the basic meaning of transborder data flows.

This expression, dreamt up by the OECD's Committee for Information, Computer and Communications Policy in 1974, is meant to describe the electronic transfer of computer based information across a national boundary. As soon as data passes a national frontier it becomes subject to foreign laws.

At issue is whether or not information should be allowed to travel freely through countries as advocated by the U.S. and Britain. However, there is much work to be done before the information should be allowed to flow across boundaries without causing international embarrassment.

Justice Michael Kirby, of the Australian Law Reform Commission, at last week's detailed London meeting how the Norwegian Government discovered that in passing a Freedom of Information Act it had unwittingly insisted on access to certain computer data bases in the U.S. containing defence information which was classified under Norwegian security legislation.

The U.S. and Canada also have different views of the meaning of free flow of information. U.S. Ambassador Lady Dougan argued that any restriction on information flow should be studied carefully to ensure that a country was not acting in a protectionist way. As she made clear in her speech: "Information is power — more valuable than oil — more precious than gold."

The Canadian delegate noted that the free flow of information does not necessarily mean that data flows to everyone equally. William Montgomery, of the Canadian Department of Communication, said: "Issues expressed in terms of access to data and services, rather than in terms of flow, would, we believe, help enormously in clarifying the issues."

Handling

Simpler loading

LOADING AND unloading with a fork lift truck is made much easier with a satellite unit available from Stanmill Company of Whitchurch, Hants (0256 822280).

The device is fixed to the truck in place of the standard forks and enables the operator, from his normal seated position and without assistance, to load and unload vans and container lorries without the use of loading docks or ramps.

The operator picks up the load in the normal way and sets it down in the van or container. Then, the satellite is detached and carries the load forward under umbilical cable control to the desired position, deposits it and returns to the fork lift ready to pick up the next load.

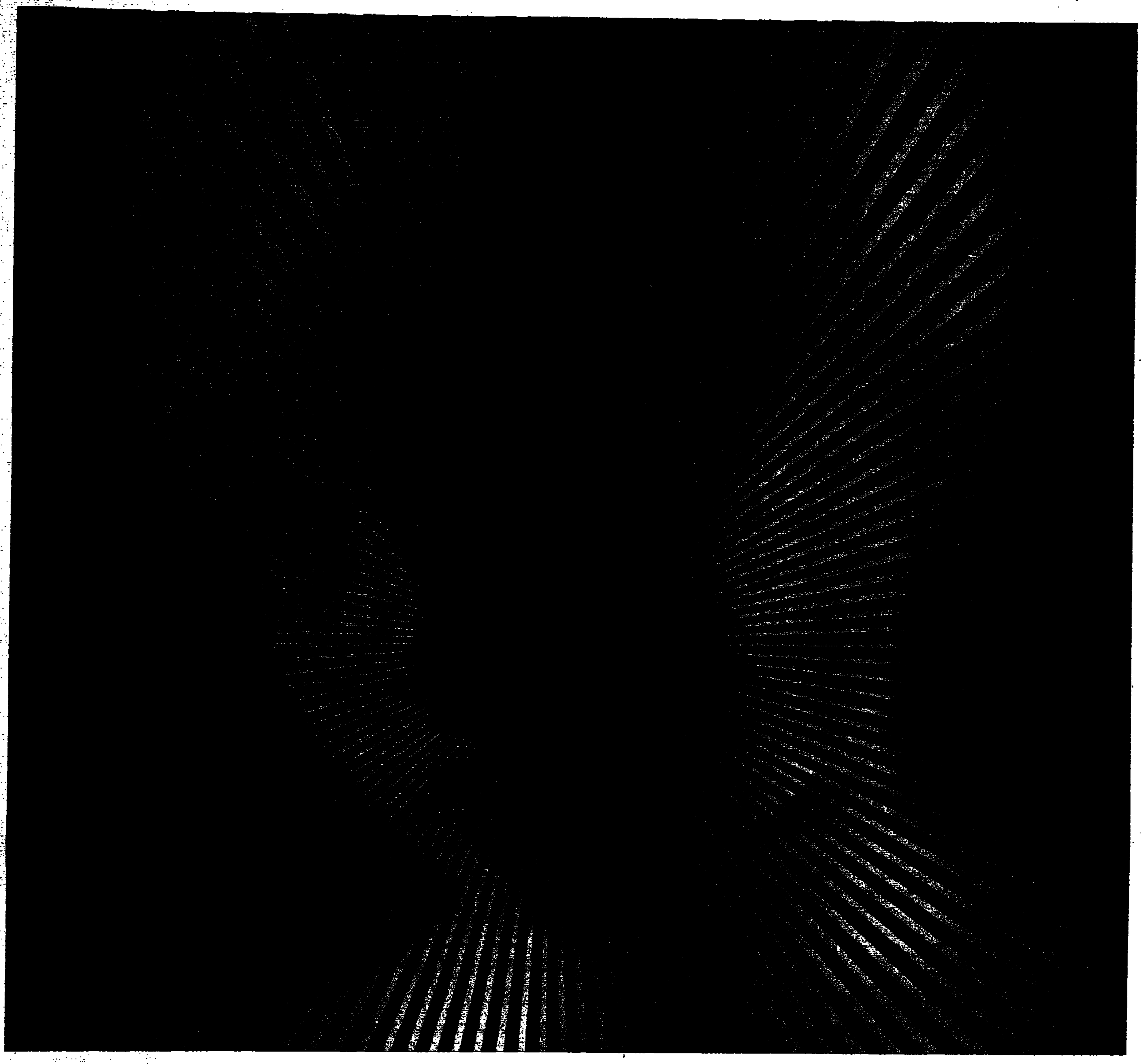
A particular advantage of the system is that men need not enter the container or touch the cargo, reducing the risk of accident. It also allows businesses to rent or buy general purpose factories and warehouses that do not have loading bays but might be in otherwise attractive locations.

Materials

Joint venture

NISSAN Chemical Industries and the Ferro Corporation of the U.S. are to establish a joint company in Japan to manufacture a special paste for integrated circuit printing.

The $315,000 factory, named Nissan-Ferro Electronics, will be sited in Chiba, east of Tokyo. The company hopes to take advantage of the growing interest in this paste.



JOBS COLUMN

Principle and practice in selecting juniors

BY MICHAEL DIXON

"YES, there were a lot of jokes about his first name when he originally joined the company. But nobody makes them any more," said the anonymous employee of Frazer-Nash (Electronics). The person under discussion was Merlin Alty, who is now the company's managing director.

He has sent along his version of the principles by which managers should select people who are going to be immediately subordinate to them. The key is always to ensure that they "are excellent at their jobs. Only employ people who can do the job right, first time."

Failure to do so will inevitably rebound to the cost of the manager doing the recruiting, he adds. For instance: "your judgment in staff selection will be questioned. You will end up doing part of their work yourself..." and "suffer because you will work excessively long hours."

But with due respect to Mr Alty, I feel he is somewhat optimistic if he believes that anything much less than magic will persuade the majority of middle-rank managers henceforth to act on his principles. The view of life from the top of management, which he represents, tends to be at odds with the view from lower down.

Take, for example, another penalty which he says will befall managers who fail to appoint excellent subordinates: "You will not be promoted, because there will be no one who can take over from you."

That seems most likely to be tacitly answered by the typical middle manager with: "Aye, 'appen... and 'appen on the other hand you'll end up without a job at all because some jackanapes has come up and taken it away from you."

So long as top executives go on callously scrapping the ageing and realistic to make way for the young and still enthusiastic, I suspect Mr Alty's principles will be less observed in selection practice than a different process lately identified by recruiter John Courtis.

It occurs, he says, when short-listed candidates are interviewed first by the person who will be the recruit's direct boss and then again by a more senior manager. "The immediate boss eliminates anybody promotable then the senior executive rejects the rest as not good enough."

Prizewinners

MR COURTIS has also identified another apparently increasing quirk in recruitment which, now we've reached the last but one Jobs Column of this year, seems likely to win the award for the most encouraging trend of 1983. It is that some employers are coming to look on the fact that a candidate has been fired by others—usually well-known industrial autocrats—as a sign of positive merit on the basis of "Anyone who's got up Sir John's nose must be good news."

Perhaps over the coming year, if suitably placed readers will collaborate, we can compile a list of good people to be fired by.

While on the subject of 1983 awards, I feel sure the one for honesty about selection techniques will go to the school in south England cited in the latest Times Educational Supplement. At the end of an advertisement for a new teacher, the school authorities added:

"We are all aware of the inaccuracies of our appointing system. If you feel that you cannot match the job specifications, please do not apply as you might be appointed."

Quartet

NOW FOR four posts being offered through headhunter Brian Standring of Anthony Nevile International. He may not name his clients. Accordingly, as is always the case in this column when a recruiter withholds the employers' identity, he promises that any applicant who so requests will not be named to the company concerned without specific permission.

Three of the jobs are with the same organisation, based in London with manufacturing units elsewhere in the UK and in Europe. It has a turnover of about £40m in the fast-moving consumer goods business.

The first opening is for a distribution manager, responsible to the operations director for the entire distribution activity, covering customer service as well as all warehousing. Candidates need success in planning and running a comparable distribution system, preferably handling similar kinds of product.

Salary bracket £18,000-£23,000 with car among perks.

The second recruit will take over the customer-service manager's job with responsibility for taking a hard look at market needs and catering for them in reorganising customer services on a sharper and more determined footing. Experience is needed also in dealing directly with big corporate customers, and of coping with export as well as home markets.

The salary indicator here is £16,000-£19,000, again with a car among the other benefits.

Thirdly, the same company wants someone with appropriate experience for the newly created post of order-processing manager. Once more the job will include direct dealing with various major accounts in addition to developing effective handling of orders with the aid of a mainframe computer and liaison with customers generally. Ability to manage a group of about 15 subordinates is important.

Salary range £14,000-£17,000.

Mr Standring's other client is a 20-year-old company to the west of London. It has about 150 employees and operates in the safety, security and communications fields.

The need is for someone with extensive technical experience across similar fields, and preferably with a relevant paper qualification, to work as the company's technical manager.

Reporting to the managing director, the recruit will have the prime responsibility for developing new as well as existing ranges of products. But managerial skills are just as important as technical expertise. The job will entail not only the day-to-day management of teams of widget-wizards and product managers, but also the always tricky task of welding what are at present two operating divisions into a single team.

Salary will be around £18,000, plus company car.

Inquiries to Brian Standring at Anthony Nevile International, 14 Highwoods Close Marlow Bottom, Buckinghamshire SL7 3PG; telephone 06284 5931 or 76416, telex 847159 Marlow G.

Treasury

LASTLY TODAY to recruitment consultant John Williams of Russell, Williams and Associates, who likewise may not name the UK-based multinational on whose behalf he is seeking a treasury manager to work from the Home Counties headquarters with periodic forays abroad.

Whoever gets the job will be responsible to the group treasurer and need ability to make an effective impression on senior managers throughout the organisation.

Candidates qualified in accountancy or economics will have an advantage. But the essential is at least three years of successful work in corporate finance, including particular expertise in some of the following: structuring and financing of group companies; world-wide deployment of financial resources; management of foreign-exchange activities; working with banks on mergers and acquisitions.

Salary up to £16,000 plus bonus and car.

Inquiries to Mr Williams at 45 St Mary's Road, London W5 5RQ; tel 01-579 1082.

First choice for top management

PER

Professional & Executive Recruitment

Administration Manager

Negotiable
c£18,000 tax-free
Saudi Arabia

A leading contracting company specialising in shop and office fitting and the furnishing and carpeting of large scale housing projects wishes to appoint an Administration Manager to run the Head Office administration of the company and deputise for the General Manager. The work will involve banking, letters of credit, accounts and office supervision, and you should ideally have worked in a contracting office and have experience of interiors. Bachelor status contract offered with excellent prospects of long term employment. You will share an apartment with one other person and will have a car and other attractive benefits.
Send full cv to Tony Smith, PER Overseas, 4-5 Grosvenor Place, London SW1X 7SB.

Financial Director/Chief Accountant

c£15,000
Inverness

A.I. Welders Ltd is a world leader in the design and manufacture of resistance welding machines. The company currently has a vacancy for a Financial Director/Chief Accountant. Responsibilities will include complete charge of the costing and accounting function, the production of monthly operating statements, the compilation of cash flow forecasts and liaison with outside financial institutions and government agencies. Candidates should have experience at a similar level in an engineering company and an understanding of the pattern of operation within a company handling contracts of value between £¼m and £1m+ mainly sold in export markets.
Send full cv to Alfie Smith, PER, 3 Golden Square, Aberdeen AB1 1RD.

Management Accountant

Attractive negotiable salary
Guildford

The Austin Thomas Group is a small, progressive manufacturing and marketing organisation. They have installed a sophisticated computer system and are seeking a high calibre Management Accountant to be responsible for its effective performance. Aged ideally 28-35 and living within commuting distance of Guildford, candidates will have computerised accounting and management experience, together with a questioning approach, a high degree of numeracy and well developed management skills. The reward will reflect the high quality of the candidate appointed. The eventual offer of a directorship is likely.
Send full cv to Thorfinn Johnston, PER, 12A Commercial Way, Woking, Surrey GU21 1HG.

PER, Moorfoot, Sheffield, S1 4PQ. Central 24 hours answering service (0742) 750197.
Applications are invited from both men and women.

NATIONAL Girobank

REGIONAL CREDIT MANAGERS

Liverpool and Birmingham
£14,675-£18,330

National Girobank is continuing to increase the range of services it offers business customers and one important recent development has been the opening of Regional Offices to establish the bank on a more localised basis with the objective of attracting new business within the areas served by the Regional Offices. The bank has a central commercial lending function but is seeking to extend lending facilities through its Regional Offices and wishes to strengthen its managerial expertise in this field by appointing two Regional Credit Managers – one in Liverpool and the other in Birmingham.

Reporting to the Regional General Manager but with a functional responsibility to the central Commercial Lending Manager, the Regional Credit Manager will be responsible for all aspects of credit analysis and lending facilities in the region and will provide professional advice on all commercial credit matters.

The managers appointed will have several years bank/lending experience together with a full knowledge of all aspects of credit analysis, lending operations, securities and legal requirements.

They will also have good inter-personal and negotiating skills and possess a professional qualification in banking.

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Please apply in writing outlining career progress and current salary and how you meet the requirements of the position to:
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APPOINTMENTS

New chief for Plessey company

Mr **Michael Whiteman** has been appointed managing director of the newly-formed company, PLESSEY AVIONICS. He was previously marketing director of MEL at Crawley. Before joining MEL in 1982, Mr Whiteman was with Ferranti Computer Systems, Bracknell as an avionics sales engineer, becoming subsequently head of system sales and divisional marketing manager.

*

NORTHERN FOODS states that from April 1, the following will have overall responsibility for the Group's three main business areas in Britain: Group board director, **Mr Neil Wall**, will be responsible for English dairy and brewery activities. **Mr Tony Hughes**, managing director of Park Cakes, will be responsible for milling and baking activities. **Mr Bryan Skelston**, managing director of Pork Farms, will be responsible for UK meat activities. In the U.S., Northern's American director, **Mr Herb Lotman**, has taken responsibility for all the Group's American interests. **Mr Per Dideriksen** has been appointed president of Bluebird Inc. and **Mr Bob Kill** has become executive vice president of Keystone Foods Corp. In the UK, **Mr Chris Bedford** has been appointed chief executive of Northern Foods Trustees, and **Mr Julian Wild** succeeds him as company secretary, also from April 1.

*

W. VINTEN, the television camera and aerial reconnaissance systems equipment subsidiary of Vinten Group, has appointed **Mr G. E. Jones** managing director from January 3. Mr Jones joins the company from S. Davall and Sons, specialist designers and manufacturers of avionic systems, where he was managing director.

*

Mr Robert Hannington, formerly an associate of King and Co., has been appointed a director of MORGAN GRENFELL PROPERTY SERVICES with responsibility for property investment acquisition in the UK and U.S.

*

Mr Jonathan M. Cowan has been appointed a director of J. BESSO AND CO.

*

PHILLIPS PETROLEUM has made the following changes: On January 1, **Mr W. W. Allen**, operations manager, Ivory Coast region, will be promoted to chairman and managing director, Phillips Petroleum Company United Kingdom. He will replace **Mr C. L. Wyndham**, who will leave London to take up a new appointment at the Bartlesville, Oklahoma, corporate head office. Mr Wyndham is promoted to manager of the exploration division, reporting to **Mr W. W. Dunn**, vice-president, exploration. **Mr T. L. Sandridge**, London-based manager of Africa exploration for Phillips Petroleum Company Europe-Africa, is promoted to operations manager, Ivory Coast region, replacing Mr W. W. Allen. Mr Sandridge will be based in the Abidjan headquarters.

*

Mr Richard Findlay, managing director of Radio Forth, Edinburgh, will be the next chairman of the ASSOCIATION OF INDEPENDENT RADIO CONTRACTORS. He will take over from **Mr Terry Smith** (Radio City, Liverpool) after the annual meeting of AIRC on January 11.

*

VALIN POLLEN has appointed **Mr Roy Gilmore Kerr** an associate director from January 1. He joined the agency in January 1982 from Charles Barker City. **Mr Alex Glover**, who also joined the company from Charles Barker City, has been appointed account director and group head from January 1.

*

Mr Paul G. Philo and **Mr Kenneth T. Ripp** have been appointed directors of SPHERE DRAKE UNDERWRITING MANAGEMENT.

*

Sir David Nicolson has been appointed a non-executive director of LONDON AND SCOTTISH MARINE OIL. Sir David is chairman of BTR and Rothmans International and co-chairman of the European Channel Tunnel Group.

*

CRANFORD ENGINEERING has appointed **Mr Geoffrey Whittaker**, sales director, its managing director. He will continue to exercise responsibility for the overall marketing policy of the company.

*

Mr S. W. Cooper has been appointed director and general manager of IMI FLUIDAIR, a subsidiary of IMI. He was production manager at the IMI Yorkshire Imperial plant at Smethwick.

*

The HALIFAX BUILDING SOCIETY has made the following appointments: **Mr David Gilchrist**, assistant general manager, is appointed a general manager. He remains responsible for economic and corporate planning. **Mr Peter Wood**, chief inspector, has joined the executive as a secretary and will undertake responsibilities concerning the mortgage and insurance area.

Mr Michael Whiteman, managing director at Plessey Avionics

*

Mr J. Peter Ambrose has been appointed deputy managing director of the BRITISH RAIL PROPERTY BOARD. He succeeds **Mr J. L. Sampson** who is retiring. Mr Ambrose was director (estate management) at the property board.

*

On December 31 **Sir Herbert Tetley**, chairman, and **Mr E. I. Slager**, vice-chairman, resign from the board of NRG/LONDON REINSURANCE COMPANY. **Mr K. M. Dublon** will become chairman and **Mr J. H. Holsboer** a member of the board. **Mr K. W. Haddon** is appointed general manager and **Mr M. J. Dunn** assistant general manager (non-life). All appointments are effective from January 1.

NOTICE OF RESIGNATION OF TRUSTEE AND APPOINTMENT OF SUCCESSOR TRUSTEE

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NOTICE IS HEREBY GIVEN pursuant to Section 608(1) of the Indenture dated as of December 1, 1980 (the "Indenture") among MGF International Finance N.V. (the "Company"), MGF Oil Corporation as Guarantor, and Morgan Guaranty Trust Company of New York, as Trustee, under which the above-captioned Debentures (the "Debentures") were issued, that Morgan Guaranty Trust Company of New York has resigned as Trustee under the Indenture, effective as of the close of business on November 18, 1983, and the Company has, upon such resignation, appointed J. Henry Schroder Bank & Trust Company, having its corporate trust office at One State Street, New York, New York 10015, as successor Trustee under the Indenture, effective as of the close of business on November 18, 1983.

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1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord. ...	121xd	—	6.4	5.2	7.0	9.2
158	117	Ass. Brit. Ind. CULS...	132	—	10.0	7.6	—	—
78	57	Airsprung Group	76	—	6.1	8.0	21.7	21.7
46	21	Armitage & Rhodes ...	27	—	—	—	—	—
250	98½	Bardon Hill	250	+ 4	7.2	2.9	10.2	20.7
54	53	Bray Technologies	54	—	2.7	5.0	9.7	10.6
151	100	CCL 11pc Conv. Pref....	144	+ 1	15.7	10 9	—	—
270	100	Cindico Group	100	− 2	17.6	17.6	—	—
86	45	Deborah Services	51	—	6.0	11.8	—	—
175	77	Frank Horsell	175	+ 1	—	—	7.4	12.1
165	75½	Frank Horsell Pr Ord 87	165	+ 1	8.7	5.2	6.9	11.4
83	39	Frederick Parker	39	—	7.1	18.2	2.4	3.9
65	32	George Blair	33	—	—	—	—	—
100	50	Ind. Precision Castings	50	—	7.3	14.6	13.9	17.2
216	100	Isis Conv. Pref.	216	—	17.1	7.9	—	—
114	47	Jackson Group	112	+ 2	4.5	4.0	5.8	11.5
237	111	James Burrough	219xd	—	11.4	5.2	12.1	12.4
280	122	Robert Jenkins	122xd	—	20.0	16.4	14.2	9.5
83	54	Scruttons "A"	63	− 1	5.7	9.0	10.5	7.6
167	76	Torday & Carlisle	76	—	2.9	3.8	—	—
430	385	Trevian Holdings	430	—	—	—	8 8	8.0
29	17	Unilock Holdings	17	—	1.0	5.8	11.1	16.2
90	64	Walter Alexander	87	—	6.8	7.8	7.6	10.1
276	214	W. S. Yeates	248	− 1	17.1	6.9	3.8	7.9

THE ARTS

Record review

Tristan, Jenufa and Daphne

New versions of works by Wagner, Janacek and Strauss

Nobody undertakes a new recording of Wagner's *Tristan und Isolde* lightly; apart from the inherent demands of the work, the recorded competition is too formidable, from Furtwängler through Boem and Karajan. A year ago Carlos Kleibe's brilliant, hallucinatory version appeared in a DG album, and now Philips has released a new Leonard Bernstein performance (6769 091: five records)—just as idiosyncratic, just as potent, but different and complementary.

Kleiber offers a rapt, marvellously detailed orchestral fantasy, in which the characters seem less to inhabit the same dramatic space than to float in the same musical ether, not impinging on each other much. As the realisation of a private vision of the opera it is unique, rewarding and hypnotic. What Bernstein gives us is emphatically a *performance*, less fanatically subtle with details (Kleiber's Staatskapelle Dresden is anyway a cut above Bernstein's Bavarian Radio Symphony) but bolder and more gripping as drama. His tempi are inclined overall to be urgent, but several weighty passages—Tristan's arrival at Isolde's threshold in Act I, for example, and particularly the Prelude—are taken monumentally slowly, grandly sustained but arguably disproportionate.

The action is thrust forward, however, at places where Kleiber's mind seems to be on higher things. The brief, violent combats in the later acts are fully exciting—the piling-up of fatalities near the end brings a real catharthis after Tristan's long torments, and doesn't seem an intrusion of melodrama. The boldest gestures of the music are always vivid. Bernstein's account stems from concert performances of the separate acts, some months apart: this may account for the solid continuity of each act, and also for the expansive tendency of each to reach for the scale of a whole opera on its own.

It probably explains also the generally extrovert, up-front style of vocal address. A few pianissimo passages succeed beautifully; but it is typical that King Mark's monologue, nobly sung by Hans Sotin, should sound like a public address rather than a reproach to a friend. (Moving, none the less, and Mark's last utterances in Act 3 have more pathos still). Both the lovers find themselves competing sometimes with the orchestral swell, and niceties fade in the effort of making themselves heard—but to be fair, these are only passing moments.

Like Kleiber, Bernstein has chosen mostly youngish singers. There are important dramatic advantages in that (one would love to come upon this performance in the opera house), and also a reduced likelihood of really definitive vocal phrasing. Margaret Price's uncannily refined Isolde for Kleiber is a thing apart; Peter Hofmann's Tristan here, like Kollo's on DG, is attractively fresh, and a trifle underweight. The best things in his long self-searchings, in both the later acts, come from spontaneous feeling—the tough sense of the words is rather taken on trust. But it *is* an affecting performance, and he and Hildegard Behrens as Isolde make a more convincing, close-matched pair than Kleiber's.

Miss Behrens is impassioned and volatile, immediately responsive to events. Her vocal style is more lyric than dramatic, in the technical sense, but she rises boldly to intense climaxes. The Narration and Curse lack the last degree of steely authority — perhaps she didn't aim at that. It would be hard to find a better-equipped Isolde these days. Yvonne Minton sings a lovely Brangäne, plangent but serene; I regret only Bernstein's decision to treat her calls from the tower as languorous episodes in the lovers' duet, with scarcely a shiver of prospective doom. When doom does arrive, it comes headlong and sweeping. There is enough of that vital drive in Bernstein's whole performance to make it a remarkable experience. The lesser roles are cast from strength, from Bernd Weikl's lusty young Kurwenal to the fine Melot, Shepherd and Young Sailor.

As much and more can be said of Decca's new Janácek *Jenufa*, conducted by Charles Mackerras in a newly-edited version of the score, well-meant accretions from other hands now stripped away. On this digital three-record album (D27 6D3) the Vienna Philharmonic plays superbly, and the cast is magnificent. Elisabeth Söderström makes a terribly poignant heroine, more than compensating for her own sophisticated maturity by her genius for impersonation. There is a ripe, astonishingly sympathetic stepmother Kostelnicka from Eva Randove—quite memorable—and an unusually warm grandmother from Marie Mrazova. Respectively faithless and dangerous swains are Petr Dvorsky and Wieslav Ochman, excellent tenors both and theatrically adept. A triumphant recording.

There is nothing like the blazing life of *Jenufa* in Strauss's *Daphne*, which offers a different and much simpler experience: culinary, essentially—a luscious treatment of a lifeless text. Joseph Gregor, Strauss's dim librettist, produced to order a version of the Daphne myth (her problem is that she doesn't want grown-up love, she wants to be a tree) with all the classical allusions, post-Freudian nudges and *ur*-German nature mysticism needed to assure an educated audience that it was Art. Ignoring the heavy verbal detail, Strauss set it as a leisurely pastoral-lyrical idyll, quite untaxing (except vocally) and full of orchestral *Tonmalerei*. Its long single act is in fact very well proportioned, granted the thinness and arbitrariness of the stage-story, and only very severe persons will find the music altogether resistible.

Strauss-lovers have long treasured the old Böhm recording on DG, with a distinguished cast captured in a live, somewhat noisy performance. On digital EMI (2 records, 165 SLS 1435823) the new Bernard Haitink version, with the Bavarian Radio Symphony in excellent form, has its own character and modern advantages. Lucia Popp's Daphne is perfectly assured in her high-floated lines, and properly ravishing in the final arboreal transformation. The two tenors — light-heroic Apollo, plaintive Luekippos — are Reiner Goldberg and Peter Schreier, vividly contrasted and equally keen. (Trivial failings: Goldberg's not-quite-scrupulous pitch, Schreier's strained tone at the top.) The *contralto profondo* Mother Gaea is Ortrun Wenkel, very smooth, though Strauss probably imagined a horn rather than a clarinet, and Kurt Moll is a magisterial Father Peneios.

The duetting Shepherdesses are delightful, and Haitink makes more of the dance-episodes than Böhm did. The score suits him wonderfully; his steady, fastidiously delicate reading carries greater symphonic conviction than the sum of Böhm's ardent responses to passing events (though Strauss's "symphonic" manner here is as skin-deep as Gregor's "dramatic" exercise). The real virtues of *Daphne* lie in its special musical flavour, a little bland but peculiarly consistent and silvery, and in the haunting passages where it infuses the voices. All that is realised to admiration here.

DAVID MURRAY

Sufficient Carbohydrate/Hampstead Theatre

Michael Coveney

Dennis Potter's first play for the stage is a bilious, tetchy, addled idyll on a Greek Island where two colleagues in a food processing business agree to differ over the finer points of the bio-tech programme, temporarily swap wives, and generally spend a good deal of time squinting through the haze at the Mediterranean.

On the horizon, Dinsdale Landen as Jack espies a black freighter coming and going. This freighter's cargo is strictly symbolic. It stands for the values, certainty and rhythm of life that Jack, a clergyman's son, sees crumbling in the home and at work. Jack is an alcoholic insomniac who kicks radiators after policy discussions in the office. He knows his wife is having an affair with the pushy American colleague Eddie. And he turns puce, fit to bust, while sounding off about anything from processed mushrooms to the trendy acceptance of adultery as the norm.

Jack's anger is savage, instinctive and rather appealing. His heart is in the right place—in his mouth. And Mr Landen plays him with a gleeful, toothy, woozy, spiteful zest that is positively invigorating. What Jack hates above all is the lack of blood and tissue in processed food and, we must assume, civilisation as we now know it.

Eddie, robustly played by Nicky Henson, can just about keep up with Jack's Keats quotations, but is otherwise lost. He has planned the holiday at the firm's expense and brought along his wife Lucy and son Clayton. Clayton is a traumatised observer of the slap and prickle before getting hauled into bed by his stepmother. One of the joys of Nancy Meckler's suitably abrasive production is the sight of this event being post-mortemed by the cast behind the sliding glass doors of Tanya McCallin's pristine, sleekly white Greek villa. Anguish is all the more plaintive for being muffled, spied upon almost.

Alastair Muir

Dinsdale Landen and Jill Baker: unapologetically menopausal scenario

Jack spends the night on the rocks after kicking the hell out of Lucy (Jill Baker) while Eddie and Jack's wife Elizabeth (Jennifer Hilary) adjourn for a misfired night of passion. The changing light of eerie dawn, baking afternoon and chill evening is beautifully designed by Leo Leibovici. The beach costumes and holiday leisure wear have been sensitively selected by Sheelagh Killeen.

This unapologetically menopausal scenario reminded me of James Saunders's *Bodies* and another memorably drunken display by Mr Landen on this stage. In his floppy white hat and painful bouts of self-laceration, Jack, as Eddie says, is going to seed even faster than old England herself. The final moments of ambiguous solidarity among the women, Clayton (Rupert Graves) and Jack hopefully suggest that Eddie will not have it all his own way. Not without a few defiant screams in his ear, anyway.

London Philharmonic/Festival Hall

Andrew Clements

Rostropovich conducting a programme of Russian music with the London Philharmonic ought, at first glance, to be self-recommending. But he is a variable, unpredictable conductor, too keen to telegraph his emotional responses, and there is no doubt that the work of his compatriots evokes a response hard to control. In the *War Requiem* on Sunday he curbed any such tendencies admirably; but the first half of Tuesday's concert was hard to endure, as brash climax followed upon brash climax.

Such a sledgehammer temperament cracking every remotely tough nut also contrived to knock the suavity out of the LPO's normally cultivated playing. Rostropovich certainly achieves an orchestral blend like no other leading conductor, but it is a peculiarly unpleasant sound, raw, thick and undifferentiated. That mattered rather less in two excerpts from Chaikovsky's *Mazeppa* than it did in Ravel's orchestration of Musorgsky's *Pictures from an Exhibition*, where the insecurity of the solo playing—too many collisions of wind and water in the brass—took the final sheen away. If ever a performance convinced one of the dramatic superiority of the piano original of *Pictures*, this was it.

Prokofiev's sixth symphony was the potentially valuable part of the evening, claimed by cognoscenti as his finest symphonic achievement but rarely heard in London. It is in some ways an awkward work, which the uncultivated Rostropovich sound did not assist, and not without its grotesqueries, which were highlighted all too eagerly. Even when in the finale the music lent itself to the physical involvement and impulsion that are the strengths of this conductor, the effect was marred by the imprecise ensemble, by a woodwind section whose equilibrium appeared to have been so shattered that it was incapable of accurate chording, and by a muddy balance that obscured the strings' apparently nimble passagework.

Saleroom

An auction record price of £682,000 for the work of Gustav Klimt was paid at Tuesday night's opening session of Sotheby's winter sale of impressionist and modern paintings. The New York dealers Gallerie St Etienne were the buyers of Klimt's *Das Leben ein Kampf (Der Goldene Ritter)*, an equestrian figure.

Renoir's *Couple Lisant*, from the collection of Henry Ford II, was sold for £429,000 to Agnew. An anonymous buyer paid £247,500 for Vlaminck's *La Perissoire a Chatou*, a record price for the artist.

A disappointment in this session of the sale was that a Cezanne, *Maison de Bellevue*, failed to sell and was bought in at £400,000. A total of £4,283,400 was realised, with 26 per cent bought in.

A study of a breast-feeding mother by Berthe Morisot, *La Nourrice Angele Allaitant Julie Manet*, was the top lot in yesterday morning's session of the sale: it fetched £35,200.

High prices were paid for works by Edvard Munch yesterday in Sotheby's sale of prints. The New York dealer T. Donson bought Munch's Angstgefuhl for £71,500 and two "Madonna" lithographs fetched £26,400 and £23,650.

A record price for jade was paid in Sotheby's sale of Chinese works of art in New York on Tuesday. A carved belthook and pendant mask were bought for $396,000 (£270,307) by a dealer. The sale totalled £1,683,844 with 14 per cent bought in.

AMcA

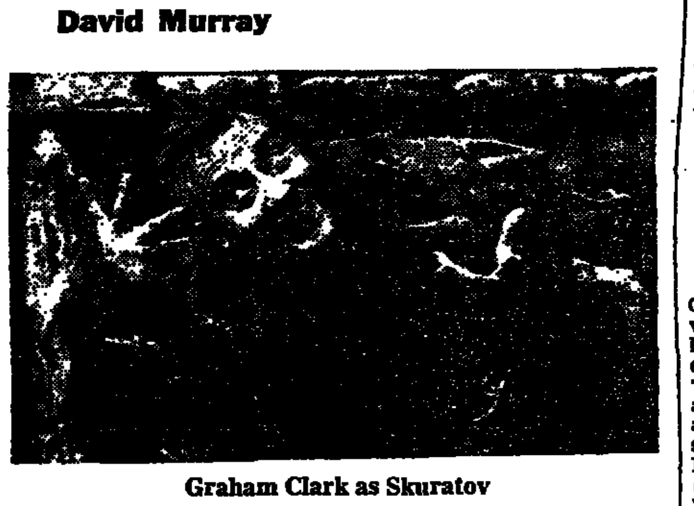
From the House of the Dead/Dominion Theatre

David Murray

Much praised when it opened in Cardiff a year ago, the latest Welsh National Opera Janacek was chosen to open their new London season. *From the House of the Dead* is, if you like, a good "company" opera (though only for the men) with its large cast of small roles and a lot of group action. On the other hand it is grim, and short, and not widely known; it might have drawn only thin houses for the big Dominion Theatre, especially with another performance due tomorrow. In fact Janacek's stark masterpiece had enormous impact on Tuesday.

Max Loppert has discussed the production on this page, another collaboration between David Pountney and the designer Maria Bjornson. The "House of the Dead," the Dostoevskian prison, sprawls and topples over the entire stage, its very contours often transformed by ingenious lighting; new nooks and cubbyholes keep being discovered. We are denied the real open-air break that Janácek intended in Act 2—not a trivial loss; but the sense of unfamiliar freedom, and baffled contact with an ordinary world, is made sharp enough. Without any sensational sadism (by modern standards, anyhow!) the brutal routine accumulates.

Since the opera is much less an indictment of prison life than a dispassionate survey of prison characters, variously ruined or desperate, the casting is crucial. The new prisoner Goryanchikov, who serves as our sympathetic focus, is the mild, unassuming Robert Carpenter Turner; the motley villains and victims around him come up in harsh colours, from the smallest parts to the soul-baring monologuists. These latter are John Mitchinson, Graham Clark and Donald Maxwell, excellent all; Maxwell performs the astonishing feat of getting almost every word to carry clearly through the house. The frail young Tartar, a breeches-role, is the appealing Yolande Jones, and David Gwynne suggests fussy, anxious dignity in the prison Governor.



Graham Clark as Skuratov

As usual Janácek brings his creatures to vocal life with scrupulous sympathy, and the steady current of moral concern is carried in the orchestra, where the composer represents his reactions to dramatic events—always a little wiser and more generous than one would have foreseen. Richard Armstrong misses nothing of the fierce conviction and drive in the music, and he draws splendid things from the WNO orchestra—pungently phrased solos, near-human sighs and screams, searing textures in passages where the score is all top-and-bottom. One might be glad of more breadth and some lighter contrasts still, with the implacable intensity occasionally relaxed; but every bar sounds toughly intended, strictly in the dramatic trajectory. And of course *From the House of the Dead* isn't a *kindly* opera—and this production leaves one in no doubt about its stern power.

'Y'/Piccadilly

Antony Thorncroft

With that gruesome ritual, the Christmas outing, upon us it was time to re-visit "Y," a likely venue for the more affluent type of Christmas party. "Y" opened six months ago, amid a wealth of controversy and money, and aims to bring some Parisian sophistication to London's moribund night life (moribund that is for the over '30's: the youth scene is frenzied).

"Y" is a curious spectacle. It contains many good things but is flawed by its overwhelming flavour of the antique. It lifts London's respectable night club entertainment from around 1950 to about 1960. It is the kind of show you remember, by experience or imagination, from the Paris of thirty years ago when every melody seems to be played on the accordian and the words are strident hymns of praise for love, life and Paris.

There *is* no Can Can, but such relegated relics as Josephine Baker, Zizi Jeanmarie, Marlene, et al, make their impersonated entrances at the top of staircases to be escorted down by their "boys" and the Cotton Club, the Moulin Rouge, the Folies are commemorated with outrageous costumes and klaxon type music.

It is all lavishly presented and quite eye-catching, and as the two-hour show progresses hints of the "pop" revolution filter through. But the star of "Y" is Arturo Brachetti and his twin accomplishments of magic and quick changing dictate the style. Brachetti has enough bravura to make old favourites of the magical art worth a hundredth look but instant dressing and undressing is of marginal interest. And although young, his skills are of times past.

With a quick count of other failings—uncomfortable miming and a complete lack of anything provocative — can I list what makes "Y" a good bet for a Christmas celebration: friendly staff who occasionally double as performers; some good scenes, notably *Venice under the Sea* where 18th-century formality is quickly stripped away; a reasonably priced meal; and a disco. The Piccadilly Theatre has been expensively transformed, and although "Y" is not going to make history it is an undoubted asset to London.

Webern Series/Barbican Hall

Max Loppert

Over eight days the International Webern Cycle (supported by Olivetti) fills the nights and (at the weekend) days of the Barbican Hall — a splendidly impressive centennial compilation employing the orchestras of the three cities, London, Paris and Vienna, in which similar Webern events are concurrently taking place. From January the Barbican Hall will become, from the evidence of its schedule, little more than a clearing house for an almost unbroken stretch of cheapie orchestral concerts promoted by the Hochhauser and Gubbay organisations; for the moment, however, it is still a place with an artistic conscience, a place of musical riches and musical adventure.

Tuesday night's opening concert by the London Symphony Orchestra under Claudio Abbado was in the nature of a scene-setting for events to come. As well as Webern there were Berg (*Three Pieces, Op 6*) and Mahler (*First Symphony*) on the programme, a neat and instructive way of adumbrating (as Nicholas Snowman's programme note put it) "a glimpse of the musical environment of (Webern's) times." The concentrated intensity — seraphic, inscrutable, and powerfully emotional by turns (and often in the self-same moment)—of Webern's mature invention gains from strongly contrasted surroundings. On Tuesday, in fact, it was in Berg—an urgent, full-blooded reading by Abbado, full of dramatic insights gleaned from the world of *Wozzeck* but never permitted to degenerate into mere effects-making—that the orchestra first found form.

One feared, earlier, that the LSO had temporarily lost the finesse of execution that is one of the crucial elements of Webern interpretation. The opening Webern orchestration of Bach's *Musical Offering* six-part fugue was blunt of tone and texture; little awareness was shown of how to grade the marvellously placed pinpoints of instrumental colour. In the *Variations for Orchestra, Op. 30*, Abbado was clearly seeking a far tauter gathering of motivic strands than the orchestra (with periodic flaws and flusters in each department) was able to grant him. A pity, by the way, that no Webern books or scores are on sale at the Barbican bookstall.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

December 2–9

Exhibitions

PARIS

Balthus – in collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the secretive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling innuendoes. Centre Georges Pompidou. Closed Tue. Ends Jan 23 (277 1233)

Cycladic Art from the N. and D. Goulandris Collection – more than 200 remarkable items dating from the third century B.C. are being shown at the Grand Palais before returning – definitely – to Athens. Grand Palais (ends Jan 9 1984). Closed Tue, Wed late closing night 10 pm (2615410)

Turner (1775–1851) – the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Oct 15–Jan 16). Closed Tue (2615410)

WEST GERMANY

Hanover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the roving exhibition with 178 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8.

Bonn: Rheinisches Landesmuseum: The most comprehensive exhibition of contemporary U.S. art ever shown in West Germany. It features works from the 1970s and 1980s by nearly 50 artists representing such styles as pattern and decoration, new image, new wave, new expressionism and graffiti. Ends Jan 15

Berlin, Martin Gropius Bau, 110 Stresemannstrasse: The Federation of West German Artists is showing the work of 300 contemporary painters to document artistic trends. Ends Jan 8.

Hamburg, Kunsthalle, Glockengiesserwall: Luther And The Consequences for The Fine Arts has 540 graphics and paintings from the Reformation to today illustrating the great reformer's impact on many artists. Ends Jan 8.

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 28. The Book Of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a hoard of bronze, silver and gold treasures, all finely wrought and many of them encrusted with jewels

BRUSSELS

15th Century drawings from Belgian private collections – 100 drawings including Jordaens, Teniers, van Goyen, Tiepolo, Poussin and Fragonard. Société Générale de Banque. Ends Dec 21

LONDON

The Hayward Gallery: Hockney's Photographs – a brisk survey of Hockney's practical use of the camera from simple reference and aide memoire to photographic exercises. This latter aspect developed slowly but has speeded considerably in the past 18 months. The composite photographic image is no longer just a simple still life or portrait study, but a strange and intriguing image of an event, a sequence of action, a passage of time. Ends Feb 5

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and re-producer Henri Lebosse. One World Trade Center, 105th storey

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984

National Museum of Natural History: The Precious Legacy contains 350 secular and religious Jewish objects the Nazis preserved in Czechoslovakia for a "Museum of an extinct race", covering five centuries of gold, portraits, textiles and other crafts from the collection of the State Jewish Museum in Prague. Ends Dec 31

CHICAGO

Museum of Contemporary Art: 48 paintings of Superrealist Malcolm Morley trace the British-born painter's style from its origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Superrealism. Organised originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22

Saleroom

Antony Thorncroft

The leading London salerooms dovetail their auctions so that visiting dealers and collectors can take in two or three sales on their trip to the UK. Earlier this week, the buyers of modern and Impressionist pictures were in town; for the rest of the week it will be the bookmen.

Sotheby's is today holding a sale devoted to English literature and history, but Christie's on Friday is disposing of a collection of German literature and a rare first edition of Thomas Mann's novel, *"Buddenbrooks,"* inscribed by the author, which could fetch over £5,000. Marieschi's views of Venice, 21 double page illustrations, produced in 1741, could sell for £10,000.

Many of the most famous names in English literature are included in the Sotheby's auction, from Shakespeare to James Bond. A 1664 Third Folio edition of Shakespeare's works carries an estimate of around £10,000. It includes seven works never before printed in folio, only one of which, *"Pericles,"* is now attributed to Shakespeare.

A first edition of Jane Austen's *"Mansfield Park"* carries a £2,500 estimate, while Ian Fleming's first James Bond novel, *"Casino Royale,"* signed by the author, could make £1,500. A proof copy of Tolkien's *"The Lord of the Rings"* carries a forecast of up to £1,200.

Among many letters relating to Oscar Wilde is one by his wife, Constance bewailing the arrest of her husband to a fortune teller used by Wilde. It could top £2,000. A letter by Wilde to the same recipient is expected to reach £1,000.

An inscribed copy of the first U.S. edition of T. E. Lawrence's *"The Seven Pillars of Wisdom"* has an estimate of up to £8,000, while the first British edition has an upper limit of £5,000. An almost complete edition of the works of Aldous Huxley, mostly first editions and totalling 107 volumes, is expected to make around £2,500, while 23 signed letters by Henry James bear a high upper estimate of £10,000. They make up a previously unknown correspondence with a Mrs John Bancroft.

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ACCOUNTANCY APPOINTMENTS ALSO APPEAR TODAY ON PAGE 27

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THE PEOPLE'S REPUBLIC OF CHINA

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U.K. or Continental base

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Telephone: 01-222 3264
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FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday December 8 1983

Policies which destroy jobs

THE NATIONAL Economic Development Council failed yesterday to solve the problem of unemployment, to nobody's surprise: for in spite of the worthiest intentions, NEDC is ill constituted to solve problems. Its ground rules get in the way: officials cannot question government policy, nobody is allowed to be rude to the trade unions, and as a result any illumination can only seep in between the lines.

The discusion was based on a Treasury briefing paper. It contains some figures illustrating what everybody knows: jobs are shrinking in manufacturing and growing in services in the UK. in the U.S. and continental Europe. Its analysis, though, is muffled and sometimes muddled.

Faster growth

The paper does point out, for example, that though the structural pattern in the U.S. is quite like that in Britain, the pattern of recovery has been very different. Here there has been a strong rise in labour productivity, a weaker rise in output and a fall in employment; but real earnings have risen strongly. In the U.S., by contrast, labour productivity has performed poorly; the strong rise in output has been achieved by a sharp rise in man-hours, and a corresponding rise in the productivity of *capital*. Result: a strong rise in output, employment and profits, but little rise in real earnings.

The moral of this contrast is not very difficult to draw. If the Americans want faster growth still, and higher earnings they have a problem with labour productivity. Our own problem of low profitability and high expenditure on unemployment benefit seems to lie more in the field of capital productivity. In other words, if the Government wants to achieve some of its central objectives in one stroke, it should be asking itself why employers are so unwilling to hire more labour, and continue to invest in labour-saving, at poor returns, when unemployment is high.

Once the problem is stated clearly, some awkward questions arise both for the unions and for the Government. The fact is that we have high unemployment because we have chosen this course. Thirty years of union lobbying have produced "employment protection" laws which make it forbiddingly expensive to hire any labour which might by any chance have to be shed in future. Such measures inevitably reduce hiring; in the Netherlands, where workers are a still more protected species, they are correspondingly rarer.

Tax concessions

These laws, coupled with union bargaining pressure, have compressed profit margins over the years; successive governments have responded with tax concessions — all of them designed to make capital rather than labour cheaper. So on top of anti-employment laws, we have had a growing labour-substitution subsidy. The result simply illustrates the powers of such incentives. It is in many ways a comfortable result for those in work, with high real wages and some security of tenure; perhaps it is what the unions secretly want. It is up to the Government to change the rules.

Central question

Compared with this crucial issue, which is barely acknowledged, the issues the Treasury paper does raise are marginal; but they are still important enough to merit something more than cliches. It is rightly argued that a bigger private rented sector in housing would help labour mobility; yet the Government continues to strangle this sector with controls and fiscal disadvantages. Flexible work practices and an open attitude to training certainly help, but here progress is already encouraging. But the central question remains: fuller employment comes at a price, in unpopular legislation and surrender of privileges. Are the unions and the Government ready to pay?

A short-sighted view of IDA

IT IS a week of high-level international meetings, and most of them are pervaded with tension. The Common Market summit has already ended in bitterness and deadlock. The Nato Foreign Ministers and Defence Ministers meet against the background of aborted INF talks in Geneva, general unease within the alliance, and escalating U.S. military activity in the Lebanon. A high-level trade delegation from Washington is coming to Brussels to discuss the strained trading relations between the U.S. and Europe.

Is it really necessary to add argument over the funding of IDA—the soft loan arm of the World Bank — to this sea of troubles? Representatives of the 33 countries which finance IDA will meet on Friday and Saturday to discuss how much money IDA should be granted over the three years starting on July 1 1984, and what their respective shares in this endowment should be. Once again, it is the U.S. which finds itself singled out as the country which will determine whether these talks end in general satisfaction or mutual recrimination.

Realistic

The World Bank officials once hoped for $16bn for the three-year period, compared with the $12bn originally promised for the previous three years. They wanted the extra funds to compensate for inflation and to allow for China's full participation in IDA as a major potential borrower. Since then they have scaled back their expectations to around $12bn in the face of budgetary constraints in most of the donor countries.

There appears to be a general agreement that this is a realistic request—except in the U.S. The Reagan Administration has, since coming to office, been a sceptic in its attitude to IDA. It reneged on the previous commitment of the Carter Administration and forced the agency into a period of hand-to-mouth financing. Now it says that it will not contribute more than $750m a year in the three years beginning in July. Since the U.S. is pencilled in to provide a slightly reduced share of one-quarter of IDA's funds, this will reduce IDA's spending power over the next three years to $9bn.

It is not hard to concoct an emotional case against this American tight-fistedness. One is talking about an extra $250m a year for a fund that will disburse 90 per cent of its resources in countries with per capita income of less than $1 a day. This meeting of IDA deputies comes one week after the U.S. Defence Secretary tabled a request that U.S. defence spending be boosted by $55bn to $304bn for the year beginning in October 1984.

Criteria

But harder-headed argument is needed than such a crude comparison of financial priorities. At a time when a collapse of banking confidence and the impact of recession upon commodity prices have cut deeply into net capital flows into the developing world, it is imperative that capital continues to move towards the most backward development areas on earth. The lessons of the excessive funding and ill-thought-out spending of the last decade is that such flows must take place on terms realistic for the borrower and accompanied with sound guidelines as to how the money should best be spent.

IDA meets both criteria. It is trying increasingly to attach constructive marco-economic conditions to its loans. Its funds do not displace flows of private capital, as the U.S. Administration fears; for the most part they are aimed at providing the basic economic infrastructure needed to attract such capital. IDA's record of constructive aid to the Third World has been examined and approved by the U.S. Treasury itself.

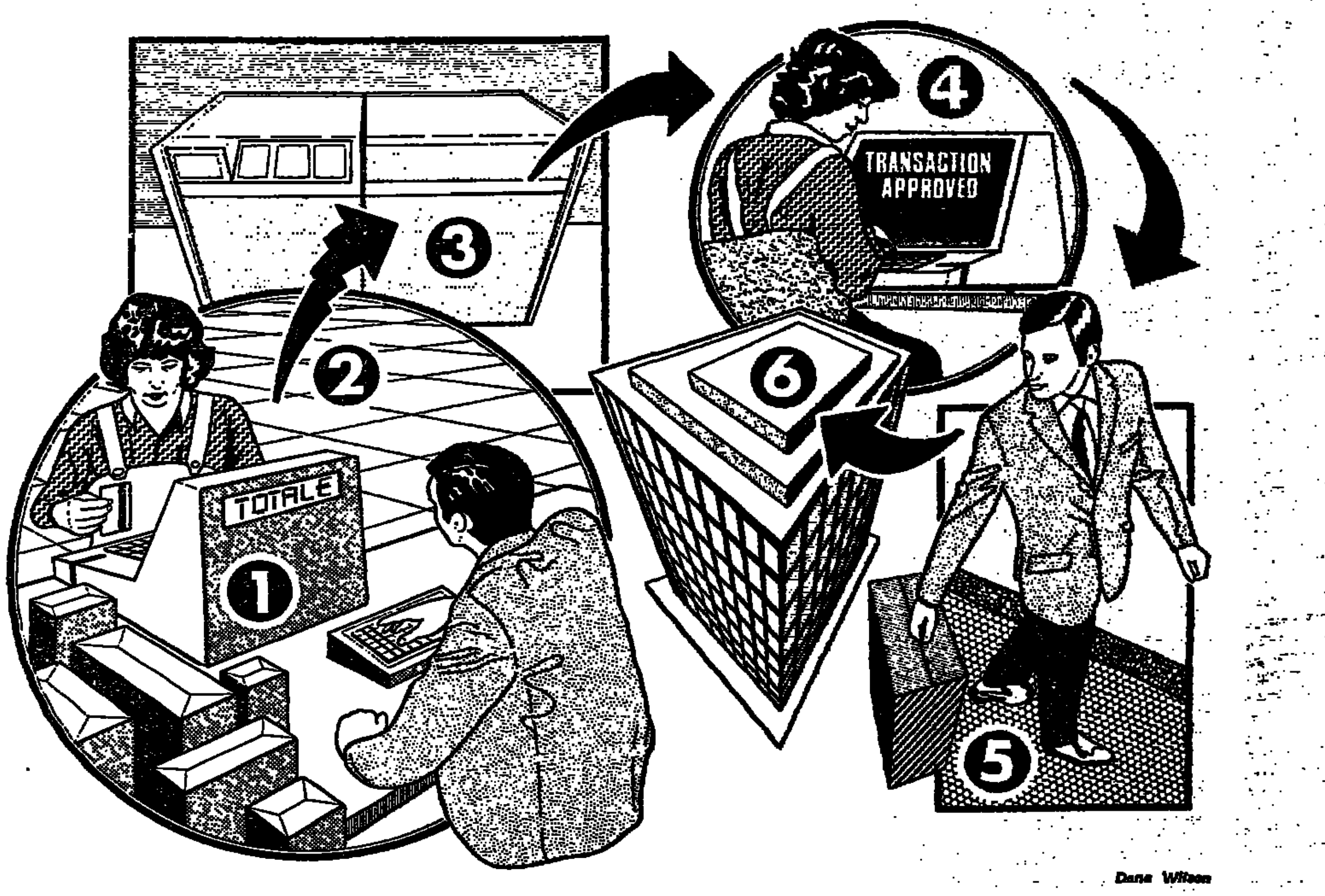
Good intentions

The U.S. share of one quarter of IDA's funds is not unfair: it is well below the U.S. share of GNP of all the IDA donors. Nor is it really credible for the U.S. administration to claim that Congress will not accept a contribution of greater than $750m. Congress has already voted $945m for two years in succession and Congress will ultimately take its lead from the White House, as it did in the end over the funding of the IMF. Once again a relatively inexpensive gesture of international good intentions lies at the U.S. president's fingertips.

BRITAIN'S SHOPPING REVOLUTION

The challenge to the cheque

By Alan Cane



Dana Wilson

BRITAIN'S major banks are on the verge of decisions which could fundamentally alter the country's shopping and banking habits. But so far, consultation with government, with retailers and with their customers has been minimal.

The banks are laying plans for a computer-linked system of "cashless shopping" using plastic cards to replace hard cash or cheques. There is, however, no guarantee that retailers will be prepared to take part in the scheme. "We don't want this unless the banks pay for it," said one retailer angrily at a conference earlier this week.

Furthermore, it is possible that the scheme could become a Trojan Horse through which an aggressive IBM might secure effective control of a key—and rapidly growing — part of the UK telecommunications market.

Experiments with various kinds of cashless shopping have been taking place around the world, notably in the U.S. and France, but the UK is set to break new ground in becoming the first country to instal a *nationwide* cashless shopping system.

The Committee of London Clearing Banks (CLCB) agreed in May this year to a pilot scheme planned to go live in 1986. It accepted the recommendations of a CLCB project group which reported in the spring that an electronic shopping system could generate big profits — enough to recover the costs of an 1986 start by 1988.

The chief executives of the banks are expected soon to approve a budget, agree a detailed scheme and place the first contracts for the pilot.

Although final decisions remain to be taken, it is certain the banks' project group will recommend that design and organisation of key elements of the network—especially its security — will be awarded jointly to the U.S. computer multinational IBM and to British Telecom (see the Financial Times, December 1).

Some of IBM's competitors fear that IBM's position as co-designer of the system will give it a unique advantage in the market

The banks say the choice of point of sale terminals will be left to the retailers and the enhancement and integrity of the network to BT. But the security and efficiency of the network will be the banks' responsibility and this is where IBM already has a lead, not least because its computers are already widely used by banks. It is believed the project team has warned that the system could be delayed by up to two years if any other company than IBM were used.

On the surface, the arguments about IBM's role are largely technical, turning on the standards which allow the various parts of the system to communicate with each other. But nobody is in any doubt about IBM's strength and its ambitions to capture a major share of the highly lucrative and fast-growing telecommunications business.

The prospect of IBM's success is intensely disappointing for all the other manufacturers who have been in discussions with the CLCB, including the UK's only independent mainframe manufacturer ICL.

It is understood that if the scheme goes ahead, IBM will be chiefly concerned with providing the network "nodes" and the computer instructions (software) which will control the transmission of payment messages through the network and the special encryption techniques used to ensure the security of those messages.

IBM believes it has developed a near foolproof set of security procedures based on its own invention, the data encryption standard, accepted as a U.S. Federal Information Processing Standard in 1977

Yet if the network contract is largely sewn up, there is still vast scope for the manufacturers of other equipment needed for cashless shopping, the terminals, plastic cards and in-store data collection and processing equipment.

Companies which could expect to share in the contracts for terminals include IBM, ICL, Burroughs, Olivetti, CTS Recognition, Data Terminal Systems, Honeywell, Sperry, Philips and Hugin.

Best estimates suggest that 100,000 store terminals (special electronic cash registers) could be involved in the study, growing swiftly to 250,000. The total number of terminals needed for a nationwide service could be more than 700,000.

Everybody agrees that cash will prove hard to kill off. The introduction of electronic funds transfer at the point of sale (EFT-POS) will be "the biggest thing since the cheque book," says Mr Gerald Clarke, a joint general manager of Lloyds bank and chairman of the clearing banks' EFT-POS policy committee.

Plastic card companies like Visa and Mastercharge made shopping on *credit* acceptable: but the new system will mean the advent of the *debit* card where a shopper's bank balance will be debited and the retailer's account credited at the moment of purchase—and that may prove less acceptable.

What has already irritated many of those who will be most closely affected by the changes is the secrecy with which the banks are taking the key decisions.

The retailers, for example, were excluded from the early discussions. The Retail Consortium, representing the companies which will have to decide whether or not to link into the EFT-POS system or not, has had a cashless shopping working party for five years but only in recent months has it had significant contact with the clearing banks' project team.

Mr Michael Wilsey, company secretary, said: "We are anxious that there should be harmony between us and my impression is that things are now on a much better footing. The banks do now understand that the retailers are the front-line troops

Sir John Sainsbury, chief executive of the food retailing chain, also wants more discussion. "In the long term there must be considerable savings for the banks, the retailers and their customers. Now there has to be discussions between the banks and the retailers—which we have not had in the past—on the detailed proposals. There is no reason why we should not reach a satisfactory agreement.

Mr Clarke of the clearing banks policy committee agrees: "I know that we have come in for a certain amount of flak over the way we have conducted our discussions but I am satisfied now we have established a useful dialogue

The clearing banks, however, are still under fire from Mr Jeremy Mitchell, director of the National Consumer Council, whose concern about the way the decisions over cashless shopping are being made stretches back two years or more: "We have had two informal sessions with the project team under Philip Young; as a result of these, I was under the impression that the council would be consulted about its views. Well, we have not and I am highly critical of all this secrecy."

Mr Clarke maintains there is a need for the banks to continue to play their cards close to the chest: "We are not planning for the short term but for the 1990s and we believe the environment will change between now and the end of the decade. For these reasons we would rather carry on our discussions in private than have a public debate in the media."

There are considerabe advantages for the banks—efficiency should increase as the volume of paper handled dwindles. The CLCB project team suggested that the cost of processing a transaction would be cut by 50 per cent

Retailers would benefit from protection from fraud, from spedier movement of customers through the check-outs and from instant access to funds paid in during the working day.

Customers should benefit from cheaper banking together with the security and safety brought by freedom from cash and cheques.

The critical issues which must be settled before EFT/POS become a reality here including the question of who should be allowed to join the system. The banks seem to have accepted that credit card issuers should be allowed to share the network but whether or not the building societies — already anxious to build their own national network of automated tellers—will be welcome has to be resolved.

A transaction in seconds

EFT-POS will work like this: the customer presents his or her collection of purchases to the cashier along with a plastic card bearing a magnetic stripe like the ones used now to get money out of bank cash dispensers. The cashier "swipes" the card through a special slot in the electronic point-of-sales terminal(1).

The terminal reads the information imprinted magnetically on the card while the cashier is totalling the value of the purchases. The terminal uses the total, together with the information from the card, to create a coded message for despatch to the card issuer's computer (the card issuer might be a bank, a building society, a credit card company or a retailer operating its own card system).

Coded messages from all the POS terminals in a store are collected and sent instantaneously over telephone lines to a "node"—a medium-sized computer which manages and controls part of the network. Several thousand nodes might have to be installed to manage cashless shopping in the UK.

The coded message is then fed into British Telecom's already operating packet switched network (2), a sophisticated set of telephone circuits which transmit computer messages in the most efficient and economical way possible by snipping them into tiny "packets" each with their own destination and error correction mechanisms.

The packets are routed round the network until they reach the node serving the card issuer's computer, and thence to the computer itself (3). The computer is responsible for determining that the card is valid, that it is not on the hot list of stolen or lost cards and that the purchase value is inside the customer's limit.

If all is in order, a message permitting the transaction to go ahead is flashed back to the POS terminal (4). Meanwhile, the customer has keyed his or her four-digit personal number into a small and separate keypad, in confidence and secure from the eyes of the cashier. The POS terminal matches up the personal number code with the coded all-clear message returning from the computer. If they agree, the purchase goes ahead (5).

At that point, the terminal will issue instructions which are transmitted as coded messages around the network to the customer's bank, debiting his or her account by the value of the transaction, and to the retailer's bank, crediting its account by the same amount (6). The whole transaction should take seconds

Men & Matters

Soft sell in store

Government quarters have been telling us that British software (the programs that drive computer hardware) is virtually unbeatable for quality.

But an unpalatable fact has to be swallowed. Last year nearly three-quarters of the £120m worth of software packages sold in Britain originated in the U.S.

Investors in Industry which is backed by the British clearing banks and the Bank of England, is determined to change that state of affairs.

Tony Diment, who is responsible for Investors in Industry's computer ventures, has chosen Software, a British software wholesaling house less than two years old, to help spear-head a British sales drive. The company, which is run by accountant Martin Blaney, is to get more than £250,000 as a first tranche.

And Investors in Industry is planning to put up more capital assuming the business gets near its projections of doubling turnover to £2m within the next year.

The next move is likely to be towards establishing a chain of computer software stores-within-stores in partnership with a leading British stores group.

Investors in Industry also has another trick up its sleeve. It has backed an American, David Norman (formerly president of Dataquest the market research company) whose Businessland computer retail stores are proving a highly-successful formula in the U.S. At least 80 stores are to open in the next two years and each one is turning over at least $500,000 a month from the start.

Norman intends to bring his Businessland formula to Britain and Europe next year with financial backing from Investors in Industry.

Software and Businessland could together provide a strong coverage of the British computer hardware-software package in Britain—anyway, that is Diment's aim.

"Who do you want first—the trainer or your lawyer?"

Side-lights

Tony Benn has had few moments to savour recently—but I think he will appreciate the irony of the Central Electricity Generating Board's announcement yesterday of "a major landmark . . . in British power station construction."

Cause of the CEGB pride was the first electricity generated from what it calls "unit four" of the coal-fired Drax power station in Yorkshire.

Those with longer memories will recall that this used to be known as the first stage of Drax B—the power station which Benn, as Energy Secretary, ordered in 1977 against, it was said in Parliament, the advice of the CEGB, as well as the Central Policy Review Staff, the National Enterprise Board, and even Cabinet colleagues like Eric Varley.

No echo of these ructions was allowed to disturb the paeans of praise for the new station yesterday from Ron Burbridge, CEGB's director of projects. "Industry, the unions, and the CEGB can all be proud . . ." he declared.

And he went on to compound the irony by boasting that the CEGB's achievement gave "real life support" to its claim that it was capable of building the Sizewell B nuclear power station to programme.

Benn, the begetter of Drax B, appears at the inquiry today as Arthur Scargill's star witness against the building of Sizewell.

Fine words

Ministers in the Alberta province of Canada are being urged to ensure that from now on street signs are written in clear English.

The campaign follows an unfortunate incident in the town of Vegreville where a man parked his car next to a sign which read: "Fine for Parking."

He thought it mean "OK for parking" — but discovered it meant just the opposite when he was fined $25 and had to pay another $39 in towing charges.

Price trends

Nobody can accuse the urbane Sir John Boreham, permanent secretary at the Central Statistical Office, of failing to keep a careful eye on the nation's pennies.

The latest edition of Social Trends, much the best and most comprehensive picture of our evolving social and economic life, is published today at £19.95 —exactly the same price for the third consecutive year.

Its charts, tables and comments tend to fascinate readers, who find themselves still leafing through it long after they have found what they were first looking for. Hence Sir John's recommendation of the book as a Christmas present.

"Certainly better than a food processor," he says. And the cost, he notes, is "only one three-hundredth part of the annual after-tax income of the middle fifth of UK households."

Which in CSO-speak means "a snip."

New lines

British Telecom is certainly taking its new commercial role seriously. Often criticised for its poor salesmanship, it is now adopting some unorthodox methods, including a technique apparently derived from the ancient mariner.

Yesterday lunchtime a smart young man was loitering outside the FT's offices, buttonholing people on their way to pubs and sandwich bars to ask if their organisations used a telex. At the sign of the slightest interest, he offered to take you to a nearby BT office for a glass of wine and to demonstrate its latest telex machines, which are named after fast-moving carnivores such as Cheetah and Puma.

Strange that BT thinks this is a better way of finding who buys telexes than using the telex network itself. But at least nobody can say it is not trying.

Workaday

"The only man to get all his work done by Friday was Robinson Crusoe" — Sir Peter Trench, chairman of the National House - Building Council.

Observer

هكذا امنه لأصل

ECONOMIC VIEWPOINT

Leave the CAP to die

By Samuel Brittan

WHEN Winston Churchill lost the 1945 general election, his wife consoled him with the thought that it might be a blessing in disguise. But he would not be moved. "I can only see the disguise," he insisted.

For the moment, Mrs Thatcher may well feel the same way about the failure of the EEC Summit; but the blessing may yet come. For if there had been a settlement of the budgetary issue, and some paper guarantees about agricultural spending, the British Government was pledged to consider an increase in the EEC "own resources."

This piece of jargon refers to the so-called VAT contribution, which is at the moment the equivalent of a 1 per cent VAT rate in each member country: not incidentally the VAT as actually levied, but of a hypothetical VAT representing the average of member countries' different systems. The Commission had already called for an increase in this VAT rate to 1.4 per cent; and in return for a budget settlement the British Government would have found it hard to refuse this increase.

Further increases would then have been likely as the costs of stockpiling surplus commodities and guarantee payments to farmers soared. The Finance Ministers might have tried to put an annual ceiling on CAP expenditure. But as they know from their own domestic experience, if the political pressures are large enough, they have to raise taxes or borrow to finance what their colleagues have decided.

On the CAP issue, the key decisions are those of the agriculture ministers on farm prices, which determine CAP spending; and because of the concentration of producer interests and the dispersion of consumer interests, the big battalions are on the side of the Agriculture, not the Finance Ministers. The only way to halt and reverse CAP spending is to starve it of finance at source.

Although in terms of simple budgetary arithmetic, Britain may gain more from a formula limiting financial contributions than it would lose from an increased VAT contribution, this only reflects the inadequacy of the usual calculations. The disastrous waste of resources represented by the CAP is far larger than the budgetary cost alone. The failure of the summit gives countries such as Britain and West Germany an opportunity to ask whether it would not be better to phase out of the CAP altogether; or at the very least to sentence the CAP to a slow death by depriving it of fresh resources.

The big error and source of underestimate in the conventional calculations are that they do not account for the main cost of the CAP, which is that it *forces* consumers to substitute high-cost European products for cheaper products which they could buy on world markets; and an irrational and costly self-sufficiency is imposed on the Community when a greater degree of international trade would be more profitable.

The large table shows the difference that is made if all costs and gains are taken into account and not just budgetary ones. It is based on a pioneering attempt by the Institute for Fiscal Studies. The left-hand side, although it differs in exact numbers, is in principle the same as the budgetary calculations on which the negotiations are conducted. The right hand side is an attempt to list the overall costs and gains.

The difference is dramatic. Not only does the total 1983 cost for the UK rise from just under 2bn Ecus to nearly 6.3bn Ecus (equivalent to about £3.6bn) or 1.3 per cent of the GDP. West Germany's cost is also nearly doubled; and Italy and France emerge as large losers. Indeed only Ireland, the Netherlands, and Denmark emerge as gainers on balance.

A more detailed explanation of why the resource costs are larger than the budgetary transfers is shown for the UK in the smaller table. The first two cost items, the VAT contribution and the direct transfer of Customs Duties to the EEC are familiar. The novel item is the inclusion of more than 7bn Ecus or £4bn for the higher prices paid by consumers as a result of the CAP.

The biggest criticism of the IFS model is that it takes world food prices as given. In a fuller, later treatment, the IFS will take account of the effects of varying levels of European food imports on world food prices. Although this factor may reduce the non-budgetary costs, these costs will certainly remain very high, as world food production is surely fairly elastic in the long run. Within very wide limits almost any estimate of the consumer cost is better than treating it as zero, which the conventional treatment implicitly does.

The wider costs of the CAP are neglected because of the prevalence of "fiscal illusion," ie, the overlooking of costs imposed on a country's citizens which take forms other than higher taxes or higher government spending. It also reflects the excessive influence of farmers and lawyers in policy formation. Indeed there was a period during the Heath Government before EEC membership when Ministers were sent round the world begging food suppliers to raise their prices and thus to turn the terms of trade against the UK in order to support farmers in a way which would not show up in the British domestic budget.

Farmers' lobbies have managed to elevate national self-sufficiency into a political myth. Thus some supporters of the CAP count any increase in home food production, however expensive to the consumer, as a pure gain; a perfect example of getting not merely the answer, but even the plus or minus sign wrong.

It must, however, be emphasised that even in a second best world, where some degree of farm support is probably unavoidable, the CAP is much more expensive and wasteful than purely national support systems. If the CAP did not exist, West German and British farmers would still be subsidised. But any deficiency in domestic production would at least be made up by imports from cheap producers throughout the world rather than from expensive European neighbours.

Where do we go from here? Whitehall "hawks" will argue that some or all of Britain's budgetary contribution for 1984 should be withheld—which will be, in any case, an essential self-defence against the European Parliament trying to withhold the rebate due for 1983 contributions. The "doves" will argue for more negotiations first.

But if the British Government really wanted to stop the CAP waste at source it would put much more emphasis on a second tactic, going beyond the issue of budget rebates. It would announce a veto on any increase in CAP support prices in 1984, 1985, 1986 and indefinitely into the future.

Faced with no further rise in CAP support member Governments would then have to decide which type of farmers to support and to what extent. National support measures, like all protection, will be costly and inefficient; but at least each Government will have to tackle its own farm lobby and not every other farm lobby in Europe. If Governments are wise they will go back to some mixture of deficiency payment and support directly targeted to poor farmers, which need not involve raising property and land values across the board.

This suggestion flies in the face of the Commission view that budgetary and agricultural imbalances should be tackled by more spending in other areas. The repetition of CAP follies in the industrial and technological areas would make matters worse rather than better.

If anyone in Brussels or Paris responds by saying "What you want is a free trade area, and not the present community," the answer is "Precisely;" and it is not only Britain which would benefit from such a change. Genuine European unity and even a common foreign policy might well be further forward if heads of government did not have to sit up into the small hours mugging up briefs on milk quotas and butter mountains. The present protectionist monstrosity is worse than either a genuinely federal Europe or a Europe of nations co-operating functionally. If we have gone down a wrong turning the courageous course is to retrace our steps and find a better path.

HOW MOST COUNTRIES LOSE (1983)

	'Budgetary' basis — net payment/receipt			Overall Resource Cost/Gain		
	m ECU	Per capita ECU	% of GDP	m ECU	Per capita ECU	% of GDP
Germany	−3,066	−50	−0.44	−5,465	−89	−0.79
France	−6	0	0	−907	−18	−0.18
Italy	+1,457	+25	+0.41	−2,756	−16	−0.77
Netherlands	+382	+27	+0.27	+755	+53	+0.53
Belgium/Lux	−407	−48	−0.47	−1,167	−114	−0.58
UK*	−1,970	−35	−0.41	−6,284	−112	−1.32
Ireland	+785	+224	+4.34	+800	+229	+4.42
Denmark	+337	+66	+0.60	+1,030	+201	+1.82

* Before Budget rebate.

ONE ECU = £0.57

Source: IFS

COSTS TO THE UK IN 1983

	Ecus(m)	£(m)
Resource costs		
VAT contribution	2,908	1,659
Customs duties	1,910	1,090
Higher prices paid by consumers	7,145	4,076
Net costs	11,963	6,825
Absolute gains		
Higher prices paid to farmers	3,679	2,099
Guarantee payments	433	247
Guidance payments	127	73
Regional funds	656	374
Social funds	437	249
Other resources and receipts	347	198
Net gains	5,679	3,240
Overall resources: cost −, gain +	−6,284	−3,585

Source: IFS

Lombard

The new politics of Japan

By Jurek Martin in Tokyo

ON THE MORNING after the Japanese parliament was finally dissolved and an election set for December 18, the most prominent FT story on Japan in terms of its placement in the paper (the front page in the Frankfurt edition, the back page in the UK) was about Seiko's new "wristwatch computer."

Now, since I do not want my masters to despatch me instantly elsewhere, it should be conceded that there were many perfectly good editorial reasons for this judgment. But, in its way, this decision, by a newspaper whose catholic coverage of foreign affairs is a source of justifiable pride, rather neatly reflects what is obviously a prevailing international view of this country.

This is that Japan is mainly interesting for its technological prowess, technology having superseded industrial and, perhaps, managerial achievements in sophisticated external opinion. At a more popular level, Japan attracts attention principally as a sociological freakshow.

What so far has induced a bad case of the MEGO (my-eyes-glaze-over) syndrome is discussion of Japanese politics. This is far from unnatural; after all, most Japanese politicians not only have funny names but tend to look and act the same to the outside world: additionally, the same conservative party, in slightly different manifestations, has been in power since 1948, while the opposition has been, even in the most charitable view, ineffective.

This has left a highly competent bureaucracy and aggressive corporate empires more or less free to get on with the task of actually running the country. But it has also meant that, with the single exception of trade friction, Japan has not been known for its contribution to any of the major global "issues" of the post-war years.

Whether Japan, or the rest of the world, fully appreciates it yet, this is about to change. All history suggests that no country can possess Japan's current economic and financial clout — it has had the second largest GNP in the non-Communist world for several years and is now, behind the U.S., the second largest rentier nation, and growing fast — and continues to hide behind a national policy of deference.

This adjustment to new realities is going to present Japan with a lot of challenges and painful decisions.

Japan is far from unique in having a political life that focuses excessively on personalities instead of policies. This obviously cannot and will not disappear overnight; in any case, changes are rarely wrought by the force of ideas alone; they need individual architects and advocates.

This is where the forthcoming election comes in. There is a strong temptation to think of December 18 merely as a national verdict on Prime Minister Nakasone and Mr Kakuei Tanaka, the two Japanese names most widely known today in the world at large. But the election is also going to be important in determining the future public roles of a goodly number of potential leaders who are going to be in or close to the hot seat of Japanese power long after Messrs Nakasone and Tanaka have departed.

In the U.S. and in just about every European nation of East and West, there is little difficulty in identifying the comers and has-beens.

Japan deserves the same treatment, unless the world suddenly wants to be taken by surprise; this means getting used to names other than Nakasone and Tanaka; they include Miyazawa (Why is he the most widely tipped successor to Nakasone?); Komoto (Would he really bolt the ruling party if a resurgent opposition made him the right offer?); Abe (Is there more to him than impeccable political connections?); Takeshita (Can he ride to power by inheriting the Tanaka machine?); Nikaido (Is he just a consummate wheeler-dealer?) and, on the left, Ishibashi.

A good crash course on Japan's new generation on what is going to be a necessary and protracted lesson could begin on December 18. Some of the names of the new generation could even be committed to the memory bank of the latest Seiko computer wristwatch.

Letters to the Editor

Architecture—from splendour to banality

From the Chairman, Planning and Communications Committee, City of London Corporation

Sir,—The unutterable rubbish contained in your article on architecture, "From splendour to banality" (December 5) was itself so bathetic in its pretensions as to have been almost unworthy of response. How can the Financial Times, of all papers, set down comments such as "Office blocks occupied by tortured souls," "Tearing down most of the decent buildings," and "these factors have killed the City"? I can only assume that the editors "do not necessarily agree with the articles they print."

Colin Amery has patently exercised *no* critical judgment. He has adopted the worst arguments of another group of writers which were in themselves facile and one-sided, and then he has grossly embroidered them. He overlooks the fact that this quotation from Shelley (1819) was aimed precisely at the sort of City he is advocating we should have tried to recreate. His article was, I believe, poor journalism in that he repeated, without checking their accuracy, "facts" which were already wrong in the original publication.

If Mr Amery were to get close to the City's "grass-roots" he would discover that *far from* "killing the City," the developers have rejuvenated and revitalised it. It is now in a sufficiently good shape not only substantially to support the nation but also to enable it to afford the luxury of its 21 conservation areas, which together with its listed buildings encompass some 40 per cent of the buildings which survived the war. It thrives as no other city centre in Britain and few in the world. The City is committed to the business ethic because that is, and always has been, *its rationale*; it is not a museum and the "City Fathers"—whoever they may be—are determined that, in no aspect, shall it ever become one.

The comments regarding developers, accountants, estate agents and other professionals border on the libellous and are rejected as unfounded and wholly untrue. No doubt Mr Amery and SAVE will produce evidence or apologies for their gratuitous and insulting nonsense.

If any of the "City Fathers" had enjoyed the courtesy of being asked (and to my knowledge none was) what they thought about architecture since 1945, the various authors involved in this attack would have learned that there is indeed little disagreement about the aesthetic quality of many post-war buildings. Many of the earliest were put up in times of considerable stringency with the predominant objective of getting the City back on its feet. Other developments were aimed at getting the City ready to cope with the motor car which was then seen as a major component of future transport—and how right those earlier planners were. Nevertheless, when all these aspects are taken into account there is a residue of unsatisfactory building, in which the City Corporation takes little pride; but it never did, even at the time of approval because often those developments occurred in the face of Corporation opposition.

The modern trend in investigative journalism is to represent exclusively one-sided and hyperbolical arguments. SAVE and Mr Amery have stretched their credibility by doing so. Of course there is the other side, though whether those committed to Victorian and earlier architecture could see any merits in modern building may be doubted. The principal danger in giving too much credence to such arguments is that we will all overlook the essence of buildings, which is not to be externally decorative—although most can be made quite attractive; it is to provide an acceptable internal environment, meeting in respect of offices, all the requirement of modern legislation, modern and ever-changing technology, and the demands of an emancipated and potentially volatile workforce.

As a personal view, but one I know to be held by many others, I think we have got planning about right in the City. The business and residential community should be reassured that we will always endeavour to get it "about right."

Keith Gugan (Dr),
Guildhall, EC2.

Not a Philistine in Paris

From Lord Gladwyn

Sir, — In his review (December 3) of "Sam White's Paris," Mr Robert Mauthner says that "Mr White's 'scoop' apropos of Lady Jebb, the wife of the British Ambassador in Paris at the time (1954) ripping out the bidets in the British Embassy will for ever stand as a monument to Sam White's eye for detail." In what Mr Mauthner calls "an immortal phrase," Mr White himself is then quoted as saying that "one can imagine the horror of the French plumbers as they went about their almost sacriligeous task" which (again according to Mr Mauthner) "seems to sum up the difference in outlook between the French and British people."

Alas, the discerning eye of the great gossip-columnist was, at least on this occasion, clouded. No bidets were ever ejected from the Embassy while the then Lady Jebb was Ambassadress. Nor would it ever have entered her head to give such ridiculous instructions.

Gladwyn.
63, Whitehall Court, SW1.

The family silver

From Mr D. Collingwood

Sir,—I refer to Mr Brittan's Economic Viewpoint article on November 24. He makes the point that "The real homely comparison is not between selling the silver and financing oneself from one's income, but between selling the silver and borrowing from the bank".

I suggest that this is not a fair analogy. Silver is non-income producing. In selling state assets, this administration has been selling not just income producers, but the better income producers of those assets.

Therefore, the future income potential is reduced at a time when the earning capacity of North Sea oil is likely to decline. Oil revenues have proved the saving grace, rather than wealth producer anticipated. What, however, are the prospects for this oil revenue?

Looking at the prospects for individual aspects of the North Sea oil revenue, one might envisage a decline in oil production, perhaps a fall in the oil price and also perhaps a fall in the U.S. dollar, over the next few years. Individually, these might have little impact on total revenue, but together . . . ?

Where did they put the family silver?

Donald C. Collingwood.
16, Carton Street, S.W.1.

Capital gains tax

From Mr R. Goodrich

Sir,—Dr. Yarrow (November 30) implies an incorrect consequence from my previous letter. Losses under Schedule D Case VI, under which I suggested "short term" gains should be assessed — capital gains tax being otherwise abolished — may only be set off against other profits or gains assessable for the same year under Case VI, or carried forward against future Case VI income. The Treasury would not therefore be giving relief for capital losses against earnings.

R. M. Goodrich.
11, Hither Chantlers, Langton Green, Kent.

Dubious bits of paper

From Mr D. Hayes

Sir,—I read (November 25) with interest the two articles and the editorial concerning the demise of IBH in the European edition of your paper, appropriately when travelling home from Brussels.

Before chastising the German banks and the system in not backing the IBH group I would have thought it more appropriate to examine the track record of Dieter Esch and the poverty of imagination and response in the corporate managements of Powell Duffryn, General Motors and Babcock in rushing into the arms of IBH in the first place.

As for the Esch track record it is one of acquisitions of facilities, assets and properties for what has proved to be increasingly worthless pieces of IBH paper. There has been no evidence of rationalisation, product development or any contribution to any one business. The order of the day appeared to be disposal, redundancy and lower sales of individual company units. Hymac had a dominant share of the UK excavator market pre-IBH, now it is a minor figure. Blaw Knox had 85 per cent of the UK paver market—what now? In other words a picture of unremitting contraction.

Exactly what has Herr Esch achieved other than the creation of a continuously escalating mountain of debt to banks and shareholders?

I would add that as an employee of Hymac for 13 years, four of them as a director, and of Blaw Knox/Muir Hill for 2½ years as parts and service director, it was obvious to me as indeed to many people in the industry that the IBH roller coaster would sooner or later run out of steam and into trouble, as soon in fact as the take over momentum stopped. Sadly this was either not apparent or considered unimportant to the corporate hierarchies who were prepared to relinquish concrete assets for dubious bits of paper.

D. Hayes,
Old Rectory Cottage, Springs Close, Ellesborough, Aylesbury, Bucks.

FINANCIAL TIMES

Thursday December 8 1983

Second Madrid airliner disaster in 11 days

By David White in Madrid

TWO SPANISH airliners, with 135 passengers and crew, collided on a runway at Madrid's Barajas airport in thick fog yesterday morning, in the second major air disaster in Madrid in 11 days.

The number of dead was thought to be about 100. The collision occurred when an Iberia Boeing 727, just lifting off on a flight to Rome, hit a McDonnell Douglas DC-9, belonging to Iberia's domestic sister airline, Aviaco.

The Iberia pilot apparently tried to gain height to avoid colliding with the DC-9, which was taxi-ing on its approach to take-off. Both aircraft caught fire. The 37 passengers and five crew of the DC-9, which was only one-third full, were all killed. Charred remains and fragments of aircraft were scattered over the tarmac as rescuers collected bodies in airline blankets. Relatives of many of the passengers were still at the airport terminal.

Macabre photographs, similar to those which appeared in the Spanish press all last week, after the crash of a Colombian Boeing 747, covered special afternoon editions issued by Spanish newspapers yesterday.

The bodies of three of the victims of the November 27 accident – in which an Avianca flight from Paris crashed while making its approach to Madrid, killing 181 of the people aboard – were due to have been on the Rome-bound Iberia aircraft yesterday. However, the coffins were not loaded because of administrative problems.

The Spanish golfer, Serveriano Ballesteros, was booked to fly on the other aircraft to Santander, but actually took an earlier flight on Tuesday.

The rapid-sucession crashes have inevitably raised questions about the safety of Spanish airports, and threaten to have an impact on the country's tourist trade. The leading Madrid newspaper, El Pais, in an editorial in its special edition yesterday, attacked the "chaos and disorganisation" of the airport, and said the accidents were "proof that Barajas cannot be trusted."

The circumstances of yesterday's tragedy were almost identical to those of the disaster at Tenerife, in the Canary Islands, in March, 1977, when two Boeing 747s, belonging to PanAm and KLM, collided when preparing to take off in the mist, causing 585 deaths, the heaviest toll of any air accident.

Yesterday, experts pointed to the absence of a ground radar control system at Madrid, capable of preventing take-off collisions in poor visibility.

The DC-9, instead of taking the usual circular approach runway, took another track, cutting through the main runway. Pilots have complained that this runway is badly marked.

There were also questions about why the flights were authorised to take off when incoming aircraft were being diverted to Barcelona and Malaga because of the fog.

Two earlier crashes involving Aviaco – in Ibiza in January, 1972, and in La Coruña in August, 1973, both involving Caravelles, with 104 and 84 victims, respectively – were both ascribed to bad visibility.

No rising trend in world air disasters, Page 2

DRIVE FOR EFFICIENT RESOURCE USE

Nato eases insistence on 3% spending rise

BY BRIDGET BLOOM IN BRUSSELS

THE NATO Alliance has relaxed its insistence that member nations increase their defence spending by a real 3 per cent a year. Instead it is putting new emphasis on better and more co-operative use of overall resources.

Defence ministers of the Alliance ended their two-day meeting in Brussels yesterday with a communiqué that included no reference to the 3 per cent target first agreed in 1977. But they endorsed a seven-point plan, couched in general terms, designed to lead to more efficient use of resources.

Points highlighted include the need for greater co-ordination between allies on defence planning and in research, development and production, and a "more effective and balanced framework of transatlantic co-operation."

The ministers also noted that greater emphasis should be put on the potential offered by current or emerging new technologies "to make substantial and yet affordable" improvements in Nato's non-nuclear defence.

Defence ministers thus formally recognised that few of Nato's 16 countries have been able to reach 3 per cent in the past and that those which have are finding themselves unable to sustain the effort.

The meeting was relatively low-key. The expected confrontation between Greece and Turkey over their differences in the Aegean and Cyprus arose yesterday morning but officials said it delayed proceedings for only an hour compared to more than five hours two years ago.

A decision on possible measures needed in case the U.S. deploys Nato-dedicated forces in areas such as the Gulf has been deferred until the spring.

Ministers apparently spent little time in discussing problems raised by the Soviet withdrawal from the Geneva talks. They reaffirmed that Nato was willing to reopen negotiations at any time and confirmed that, meanwhile, deployment of the new Western missiles would go ahead.

Some 40 U.S. missiles are believed to have arrived in West Germany, the UK and Italy. A total of 464 cruise and 108 Pershing 2 missiles is planned for deployment over the next five years.

The defence ministers have left the question of Nato's future strategy in the arms talks to be debated by the foreign ministers who meet in Brussels this morning.

The possibility of merging the medium-range INF talks with the Start negotiations to reduce the strategic nuclear arsenals of the two superpowers, discussed by European defence ministers earlier this week, was viewed with scepticism yesterday by Mr Caspar Weinberger, the U.S. Defence Secretary. He said he had heard no argument that convinced him that such a merger would be advisable.

European ministers were encouraged by a statement from Mr George Shultz, the U.S. Secretary of State, that he would be prepared to meet his Soviet counterpart, Mr Andrei Gromyko, at the European Security Conference which opens in Stockholm next month.

DISORDERLY MARKET LED TO CURRENCY PURCHASE

U.S. reveals foreign exchange intervention to support yen

BY PAUL TAYLOR IN NEW YORK

THE U.S. monetary authorities disclosed yesterday that the country had intervened in the foreign-exchange market to support the yen at the end of October, shortly before President Ronald Reagan visited Japan.

The action, the only intervention by the U.S. authorities between August 5 and November 1, was disclosed by the New York Federal Reserve Board in its quarterly foreign-exchange briefing. The New York Fed said the U.S. Federal Reserve and the U.S. Treasury, jointly with the Bank of Japan, bought $29.6m equivalent of yen on October 31 and November 1 in the U.S. foreign-exchange market.

The U.S. has adopted a general policy of non-intervention in the foreign-exchange markets since April 1981, except in "disorderly" market conditions.

The co-ordinated central bank intervention to support the yen at the end of October came after the Bank of Japan cut the discount rate by half a percentage point on October 21, resulting in a substantial weakening of the Japanese currency against the dollar.

Mr Sam Cross, Executive Vice-President of the New York Fed, said the "modest" intervention in support of the yen came after consultations with the Bank of Japan and took into account "the vulnerability and susceptibility" of the Japanese currency.

However, he denied that the intervention represented "any basic change" in U.S. foreign-exchange policy and added that "in my view, it was not something done because of the President's visit."

President Reagan's visit to Japan started on November 10, and the dollar-yen exchange rate was a prominent topic of discussion.

At the time of the U.S. intervention, the Japanese currency was trading at Y232.66 to the dollar. The yen is now trading at around 233.85. Other main currencies also fell substantially against the dollar in late October and have continued to weaken subsequently, pushing the dollar to record highs this week.

The $29.6m intervention by the U.S. in the latest period is modest compared to the $254.1m spent in the previous three month period to support the Deutsche Mark and the yen. It is also modest compared to the pre-1981 level of intervention.

The Fed also estimated yesterday that the gross purchases and sales of all leading foreign currencies by the main central banks and monetary authorities in the August-to-November period totalled $15bn.

Germany places FFr 45m order for satellite ground equipment

BY PAUL BETTS IN PARIS

WEST GERMANY is ordering FFr 45m ($5.4m) in satellite ground station equipment from a French consortium led by the nationalised French Thomson electronics group. The equipment will be used to test possible applications for Germany of Telecom 1, France's first commercial satellite telecommunications system due to be launched by Ariane, the European space rocket, next May or June.

Thomson-CSF, the telecommunications subsidiary of the Thomson group, said last night that the West German order included seven time-distributed multiple-access (TDMA) terminals, seven earth network connecting systems, one earth network management centre and other equipment to be delivered for the second half of next year.

The West German order from the Thomson-led consortium, which also includes Cit-Alcatel and Société Anonyme de Télécommunications (SAT), is more substantial than the order for one TDMA terminal from British Telecom.

Thomson explained last night that the French telecommunications satellite would cover, apart from France, most of West German territory, the south of the British Isles, the Benelux, Switzerland, northern Italy and northern Spain. That in turn explained the larger order from West Germany.

Telecom 1 is designed to provide private companies and government agencies with a wide range of services, including data and image transmission, high-speed facsimile, teleconferencing and teletext. A military programme called "Syracuse" is also part of the programme. The prime contractor for the satellites in the French telecom programme is the state-controlled Matra group.

Several leading French banks and industrial groups are expected to sign up for the satellite programme' new services.

Brussels move to repair summit damage

By John Wyles in Brussels

THE European Commission and the European Parliament yesterday began planning their separate strategies aimed at forcing member governments to repair the political damage caused by the failure of the EEC summit in Athens.

Leaders of both institutions are very worried that it might paralyse much of the Community's business over the coming weeks. They fear that governments will withhold compromises on lesser issues until the main budgetary and agricultural reform problems are settled.

Both therefore aim to be more assertive in encouraging global agreements on the reform package. In the Parliament's case that means using its powers over the EEC's budget at its plenary session in Strasbourg next week as a lever to press for a more successful negotiating effort.

As its budget committee started preparing recommendations yesterday for next week's session, it seemed increasingly unlikely that MEPs would be urged to reject the entire budget. Instead, the committee might propose freezing 5 per cent of farm spending together with the payment of Ecu 1.2bn ($984m) as budget rebates to Britain and West Germany.

The Commission ended its inquest into the Athens debacle with a fairly clear acknowledgement that it could have played its part more effectively. By issuing a declaration talking of the need for a stricter adherence to the Treaty of Rome procedures, the Commission admitted that it had allowed its own reform proposals to be superseded by individual government initiatives.

That means the heads of government in Athens had too many disparate compromises to focus on. The Commission might find it a struggle to recover the authority lost in the past six months.

Its declaration signalled the preparation of farm economies which might be produced before Christmas. Without the introduction of measures by next April at the latest, the Ecu 16.5bn allocated for agriculture in next year's budget will not be enough to cover current demands. The Commission has already virtually concluded that there is no scope for farm price rises next year.

Its immediate concern, however, is the Parliament's decision over the 1984 budget next week. Its president Mr Pieter Dankert indicated in a radio interview yesterday its support for the adoption of the draft passed by the Parliament in October and amended by the Council of Ministers last month.

This would fly in the face of the budgetary rules by freezing some farm spending and all of the British and West German rebates. All of the former and part of the latter were placed in a category of spending which the Parliament cannot touch without Council agreement.

It is thought that that draft were adopted, if Mr Dankert would delay signing the budget – which clears it for implementation – for a month to see how governments react.

If he did then sign it, the Commission would be put on the spot and would have to decide whether to execute an apparently unconstitutional budget. The Parliament might put pressure on it to do so

THE LEX COLUMN

Pilkington still in the glasshouse

The City has been in a dither about Pilkington Brothers ever since the surprisingly good 1982-83 profits sent the share price through the roof. Since then, however, the shares have been meandering and yesterday's interim statement covering the six months to September left the bears in the ascendant, as the share price dropped 20p to 238p.

The group's revenue account looks even more top-heavy than usual, since the consolidation of the South African companies – where Pilkington has board if not equity control – has boosted the pre-tax figure by £8.4m. The effect washes out in the minorities line, however, leaving the group once again with an attributable loss.

South Africa has been the driving force, accounting for perhaps half the overseas trading profits of £42.6m, and effectively funding the continuing UK reorganisation costs. Over the medium term, however, South Africa must be threatened by the decision of local car manufacturers to develop their own glass manufacturing business and analysts were anxiously scrutinising the statement yesterday for hints of good news elsewhere.

Licensing income is, if anything, falling faster than expected and the U.S. LOF investment made virtually no contribution after Pilkington's own funding costs. With South American earnings hardly of the highest quality, attention focused on Europe and particularly the UK, where the group has roughly £80m of tax losses available.

Even on a traditional historic cost basis, the UK made only £5.4m of trading profits during a period when volume was assisted by repairs to competitors' tanks. By now, the supply/demand balance is probably deteriorating again, so Pilkington badly needs the pound to fall sharply against continental currencies if it is to make a proper return.

Scandinavia and Canada are now picking up and Flachglas may follow next year, but it is hard to see when Pilkington will be able to bump up its dividend. If pre-tax profits reach £85m this year, another attributable loss looks certain while, even after adding back additional depreciation, the cover for a maintained dividend – producing a yield of 6.3 per cent – would be not much more than once.

Hanson Trust

The Hanson Trust juggernaut has been looking quite unstoppable this year. The steady rise in its share price has in recent weeks pushed the market capitalisation over £1bn and yesterday the group announced a blockbusting 51 per cent jump in pre-tax profits for the year to September, to £91.1m. Perched behind the wheel, and no doubt fortified by his formative years in the road haulage business, the chairman was even flicking his lights on and off with a few select words about the group's better outlook and "excellent position to move forward."

Acquisitions have boosted Hanson's momentum significantly in the last year. The British Ever Ready and Crabtree businesses, included for a whole 12 months for the first time, have added pre-tax profits of £26.9m on capital employed of just £100m. The UDS acquisition, while making a modest initial contribution to profits and promising much more in the current half-year, has also played a critical part in the restructuring of the balance sheet: taking full account of the subsequent UDS shop sales, net debt has fallen to £63m, representing under 15 per cent of shareholders' funds.

Lucrative acquisitions are far from being the whole story, however. The success of Hanson's management staff is at least as evident in another strong performance by its Butterley bricks subsidiary and the tight control over central costs: the group's interest bill has fallen from £20.1m to £17.9m. The one real disappointment of 1982-83 is the flat sales performance in dollar turns recorded from the U.S. This looks attributable, though, to a combination of unlucky breaks and is not going to deter Hanson from another major acquisition in the U.S., should the opportunity arise.

Opec

The opening ritual of an Opec conference was conducted with the usual oiled precision yesterday. Iran demanded higher prices and higher production quotas, Nigeria threatened – yet again – to leave Opec, and the Saudis insisted that there would be no price change in the foreseeable future. It all seemed as cosily familiar as the breakdown of an EEC summit meeting. Yet the dramas surrounding Opec at the beginning of both this year and last have made international market jittery in recent weeks, in anticipation of a repeat performance.

Over the last couple of months, spot prices have remained below official levels, but this does not seem to signal any fundamental problem. The excess of production over quota in the third quarter was probably demand-led, and current production is settling back down to quota levels. With underlying demand picking up, the 17½m barrels-a-day quota gives plenty of room for destocking. So while some of the conference rhetoric may be acerbic, it is difficult to see any serious threat to the strucuture of the cartel at this stage. On that basis, the gloom in the oil sector, which has fallen by about 15 per cent against the All-Share since late September, may have been overdone.

Netto to discuss Brazil's $2.5bn loan in Paris

BY DAVID MARSH IN PARIS

SR ANTONIO DELFIM Netto, the Brazilian Planning Minister, is expected in Paris later this month as part of a European tour to discuss European contributions to a planned $2.5bn international government loan for his hard-pressed country.

The $2.5bn loan is a key part of the overall financial rescue package for Brazil agreed at September's annual International Monetary Fund meeting in Washington.

France is understood to be taking a "more open" attitude to participation in the loan than Britain, which has said it will not take part. But so far only the U.S., which is putting up $1.5bn, has publicly committed itself to subscribe.

International monetary officials in Paris said last night that some governments appeared to be "haggling" over participation in the loan, but basically there were no serious question marks over the operation.

One official said other governments might be dragging their feet because the loan – conclusion of which is vital to disbursement of $8.5bn in commerical bank credits for Brazil – is mainly being engineered by the U.S.

"No doubt there is a feeling that this is mainly an American baby – the others are just participating to make it look multilateral," he said.

The planned government package was not discussed when Brazil agreed rescheduling of debts owed official Western creditors at a meeting of the Paris club last month.

Japan this week suspended fresh official cover on exports to the country, underlining a general tightening of export credit arrangements for Brazil in the wake of the debt rescheduling accord.

The French export credit guarantee body, Coface, is, however, continuing cover, as it regards Brazil's financial position with slightly more equanimity than do some other Western export credit agencies.

Mitterrand promise on EEC reform

Continued from Page 1

Mitterand's reference to a one to two years solution that enraged British officials.

But the French view is that any concessions over the budget must be part of a global package which is seen to inject new dynamism and political life into the Community.

In particular, the French find Mrs Thatcher's "accountancy" approach out of place. Officials say France would never agree to a conception of Europe based on the financial criteria of assessing net budget contributions.

After yesterday's Cabinet meeting it was announced that M Andre Chandernagor, the Minister for European affairs, is stepping down. This seems to be part of a reorganisation of ministerial duties that will give M Claude Cheysson, the French Foreign Minister, a larger responsibility for European affairs as France takes over the presidency.

Mrs Thatcher insisted in her speech to the House of Commons that so long as there was no agreement on the budget issue, the question of an increase in the Community's own resources would not arise as far as Britain was concerned.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	12	54	Dubrovnik	R	6	43	Malaga	S	16	61	Salzburg	C	1	34
Akrotiri	F	19	66	Faro	S	17	63	Malta	C	15	59	Seoul	S	7	45
Algiers	S	17	63	Florence	F	10	50	Manila	C	29	84	Singapore	C	28	82
Amsterdam	F	5	41	Frankfurt	F	3	37	Miami	C	29	84	Stockholm	S	5	41
Athens	F	14	57	Funchal	F	20	68	Milan	S	9	48	Strasbourg	C	1	34
Bahrain	C	26	79	Geneva	C	-1	30	Moscow	C	1	34	Sydney	R	28	82
Bangkok	S	30	86	Gibraltar	S	18	64	Munich	C	0	32	Taipei	C	20	68
Barcelona	S	11	52	Guernsey	C	9	48	Nairobi	–	–	–	Tangier	S	19	66
Beirut	F	19	66	Helsinki	C	-3	27	Naples	F	10	50	Tehran	–	–	–
Belgrade	Sn	-1	30	H. Kong	S	23	73	New Delhi	S	24	75	Tel Aviv	C	21	70
Berlin	C	2	36	Innsbruck	Sn	0	32	New York	C	13	55	Tenerife	F	22	72
Biarritz	C	2	36	Inverness	F	6	43	Nice	S	14	57	Tokyo	S	12	54
Blackpool	C	1	34	Istanbul	F	8	46	Oporto	S	13	55	Toronto	Sn	5	41
Bordeaux	S	5	41	Jersey	C	7	45	Oslo	S	-1	30	Tunis	R	13	55
Brussels	S	5	41	Jo'burg	R	15	59	Paris	F	4	39	Valencia	S	14	57
Budapest	S	3	37	Las Palmas	F	23	73	Prague	C	0	32	Venice	–	–	–
B. Aires	S	30	86	Lima	S	23	73	Reykjavik	C	6	43	Vienna	S	3	37
Cairo	C	22	72	Lisbon	Fg	6	43	Rio de J'o	R	31	88	Warsaw	C	10	50
Cape Town	–	–	–	Locarno	S	10	50	Rome	F	12	54	Zurich	F	1	34
Caracas	C	27	81	London	S	6	43								
Casablanca	S	20	68	Los Angeles	C	22	72								
Copenhagen	S	3	37	Luxembourg	C	1	34								
Corfu	F	12	54	Madrid	Fg	2	36								
Dublin	C	8	46	Majorca	S	17	63								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Lebanon peace force

Continued from Page 1

eign Affairs, said when asked about dialogue with the U.S. "We will continue dialogue with the U.S. as long as it wishes. Mr Rumsfeld is welcome when he wants to come."

Moreover, Mr al Charaa announced that Mr Elie Salem, the Lebanese Foreign Minister, will visit Damascus today "to put us in the picture about President Gemayel's talks in Washington."

The minister speculated that the reconvening of the Geneva talks has been complicated by the assumed U.S.-Israeli military pact.

At the same time, senior Israeli political leaders suggested that Israel should capture, or even assassinate, Palestinian Liberation Organisation chairman Yassir Arafat rather than let him escape from Tripoli.

This outbreak of Israeli anger follows the PLO's claiming responsibility for Monday's explosion on a Jerusalem bus which killed four passengers. It also coincides with the dispatch by Greece yesterday of the first of four ships to pick up some of Mr Arafat's 4,000 supporters who have been under siege in Tripoli by rival Palestinian forces for several weeks.

Mr Yitzhak Shamir, the Israeli Prime Minister vowed yesterday that Israel would have its revenge

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Thursday December 8 1983

Olivetti takes 25% of Sphinx

By James Buxton in Rome

OLIVETTI, the leading Italian data processing equipment maker has taken a 25 per cent stake in Sphinx, a British-based software company. The acquisition is the first venture capital investment Olivetti has made in Britain, although it has made more than 20 in advanced technology companies in the U.S. and a handful in Italy.

Sphinx, based at Maidenhead in Berkshire, has the exclusive distribution rights in Europe for a large number of software programmes which run on the addvanced Unix operating system developed by Bell Laboratories. These programmes are used by many of the major computer producers including Olivetti.

The Olivetti investment in Sphinx is valued at £750,000 ($1.08m). Other shareholders are the venture capital companies Abingworth and Alan Patricoff.

The Unix operating system, with its structural simplicity and its ability to adapt to different hardware, has become more and more widely used in industry and other sectors and is now one of the best known and well established operating systems for mini and microcomputers in various fields, including scientific, business and office automation.

Recent specialised studies have forecast that, for the U.S. alone, the application software market for the Unix operating system will grow from $208m to $1.7bn in 1988.

Swiss engineer plans to omit dividend

By John Wicks in Zurich

SPRECHER & Schuh, the Swiss electrical engineering company, proposes to omit a dividend for the current calendar year, according to a letter to shareholders. The Aarau-based company last paid a dividend in 1978.

The letter states that 1983 business has been "satisfactory." In the first nine months turnover was up 25 per cent over corresponding 1982 levels to SwFr 449m ($208m), though this increase was due largely to a delay in plant contracts over the year.

● The Swiss engineering group Georg Fischer reports a drop in turnover for the first 10 months of this year by 10 per cent to SwFr 1.23bn, with sales falling in all fields of operation. New-order volume remained at about the 1982 level of SwFr 1.26bn.

IBM unveils automatic teller machine

By Our New York Staff

IBM, the world's largest computer manufacturer, has unveiled an automatic teller machine (ATM) which can dispense exact change.

The new IBM machine is seen as posing an aggressive challenge in a market currently dominated by other companies like NCR, Allied Corp's Bunker Ramo subsidiary and Diebold.

The new IBM ATM, called the IBM 4730 personal banking machine, can dispense coinage and five denominations of currency notes.

IBM said that in addition to providing normal ATM functions like balance information, cash withdrawal and deposits, the unit can also authorise personal cheques at supermarkets and cash pay, social security and other third-party cheques.

Deutsche Bank cautious as loss provisions rise

BY JONATHAN CARR IN DÜSSELDORF

DEUTSCHE BANK, West Germany's biggest commercial bank, raised operating earnings in the first 10 months and plans again to increase its provision for credit risks and losses at home and abroad.

As a result the bank is not hazarding a net profit forecast for the whole of 1983, nor indicating what dividend will be paid. Last year Deutsche Bank raised its dividends from DM 10 to DM 11 a share.

The picture emerging from a press conference held to present the bank's interim results was one of marked caution despite signs of a general economic upturn and a recovery of business confidence.

The overall operating result of the parent bank was up by 10.8 per cent in January-October to an unspecified figure. Business volume dropped by 1.8 per cent to DM 117.95bn ($43bn).

The partial operating result, which excludes some key cost items as well as the result of own account trading, was up by 16.3 per cent to DM 1.7bn. The figure underlines that, as expected, the profit boom of 1982 is gradually tailing off. Contributing to the earnings rise was an increase of 8 per cent to DM 3.4bn in the interest surplus. This was due to a boost in the first half year in the interest margin, which has stabilised this autumn at about 3.3 per cent.

The surplus on commissions rose still more strongly by 12.6 per cent to DM 883m thanks above all to the bank's lively securities business. In contrast to the parent bank, business volume of the whole Deutsche Bank group, for which no interim earnings are given, rose by DM 5.5bn to DM 209.6bn. But the increase is mainly due to consolidation for the first time of the European Asian Bank in which Deutsche Bank took the controlling stake in mid-year.

Domestically, the rescue operation for the private bank, Schröder, Münchmeyer Hengst (SMH) has caused the Deutsche to lend more than DM 100m. Executives stressed that Deutsche was not involved with IBH.

Bucyrus pulls out of machinery

BY WILLIAM HALL IN NEW YORK

BUCYRUS-ERIE, one of the leading manufacturers of mining and construction machinery in the U.S., is effectively withdrawing from the U.S. machinery market. It is closing its plant at Erie, Pennsylvania, and taking a $49m charge in its final quarter, which could boost its total losses in the current year to more than $100m.

The company says its decision to discontinue a "substantial portion" of its construction machinery business results in part from its inability to sell the business. It will continue to manufacture spare parts and a few selected construction machinery lines at its South Milwaukee plant.

The company, which has been hit by the recession in the U.S. construction and mining industries, also said it will close its mining machinery division foundry at South Milwaukee and will take an additional write-down on the closed foundry at Glassport, Pennsylvania.

The company has already taken substantial write-downs on its earnings this year, and, as a result, has made a net loss of $75.1m in the first nine months on shipments of $426m. In 1982 the group's net earnings for the full year totalled $24.8m.

The latest $49m charge covers plant closing costs, redundancy payments and inventory write-down costs. The company has closed the majority of its mining and construction equipment plants over the last three years and production is now centred at South Milwaukee. The workforce has been cut from a peak of 6,400 in 1978 to around 5,000. The latest cutbacks mean that some 440 people will lose their jobs.

Leroy-Somer acquires King Bearing

BY DAVID HOUSEGO IN PARIS

LEROY-Somer, the leading French manufacturer of electric motors, is expanding its U.S. sales by taking control of the Californian based company King Bearing.

The U.S. concern is a major distributor of electric motors, gears, ball bearings and transmission equipment with a turnover of nearly $150m this year. Established only three years ago, it has rapidly expanded but, faced with heavy financial charges, made a small loss last year.

Leroy-Somer is taking a 50.01 per cent stake in the company at a cost of $15m. Of this $12m is being put up by Leroy-Somer itself and the rest by other institutions including the French industrial development agency IDI. Over a five year period the ownership of King Bearing is to be vested in a new holding company in which other banks and investment institutes will be asked to participate.

The advantage to Leroy-Somer, which already has U.S. sales of $40m is that King Bearing will provide it with access to new markets. The U.S. concern has 70 sale points in some 20 American states.

The takeover also means that Leroy Somer's consolidated turnover will expand from some $400m this year to $550m.

Further delays likely for ERT restructuring

BY DAVID WHITE IN MADRID

FURTHER difficulties have arisen between Union Explosivos Rio Tinto (ERT), the troubled Spanish chemicals conglomerate, and foreign creditor banks, threatening yet more delay in the year-old search for an agreement on debt rescheduling and corporate restructuring.

Last month the group, which owes about $750m to Spanish and international banks, set a fresh deadline of December 19 for obtaining the approval it needs for its rescue and repayment plan, the third it has drawn up this year.

However, the company has rejected a formal legal document which the creditors commissioned in order to implement the plan, according to foreign bankers.

ERT's objections to the phrasing of the lawyers' document, which the bankers described as a "culture bridge problem", puts the December 19 target in serious doubt

The ERT plan, which has been backed by the great majority of the banks, involves repayment of about two thirds of the debt principal over a four year period and the creation of participative credits and preference shares

Union Pacific seeks to block railway merger

By Our Financial Staff

UNION PACIFIC, the U.S. railway and natural resources group, filed an anti-trust suit yesterday aimed at blocking the proposed merger of two rival railway groups, Santa Fe and Southern Pacific.

The suit alleges that the proposed merger would severely limit the ability of the Interstate Commerce Commission to ensure competition in the transport market and would greatly reduce the degree to which the two companies compete with one another.

Leyland leads in UK heavy trucks

BY JOHN GRIFFITHS IN LONDON

LEYLAND VEHICLES became the market leader in the UK heavy trucks sector last month for the first time in almost five years.

It took 18.6 per cent of all registrations of trucks over 3.5 tons. Statistics from the Society of Motor Manufacturers and Traders showed Ford with 8.8 per cent, Bedford with 14.6 per cent and Karrier Motors, maker of Dodge trucks, with 10.9 per cent.

Ford remained the clear leader in the year's first 11 months, however, with 21.8 per cent against 14.6 per cent for Leyland. Ford's poor performance last month is attributed to a dealer incentive campaign on its best-selling Cargo truck range which ended on October 31.

Nevertheless, there is firm evidence that Leyland's decline since the early 1970s has been reversed this year. Its share for the year so far compares with 13.4 per cent in 1982. Unit sales, up from 5,587 to 6,874, represent a 23 per cent increase compared with growth in the sector overall of 12 per cent.

Like other UK truck makers, Leyland is having a tough struggle against importers who, faced with the collapse of Third World markets, are making a strong pitch for higher UK penetration. Imports took 31.8 per cent of the sector last month, against 27.25 per cent a year earlier. Total heavy truck sales last month were 3,989, against 3,663 in November 1982, and for the year to date reached 47,029 against 42,001.

Registrations of all commercial vehicles last month were 22,631, up 11.2 per cent on the 1982 month, bring year to date sales to 252,788 – a 17.2 per cent rise on the 215,615 in the first 11 months of last year. The importers' share in November was 34.7 per cent (30. 3)

Light and medium vans continued to spearhead the recovery.

Herr Helmut Werner

Payout by German tyre maker

By John Davies in Frankfurt

CONTINENTAL Gummi-Werke, West Germany's leading tyre maker, plans to resume a dividend payment this year in the wake of measures taken to improve the company's financial performance. Dividends have been a rarity at Conti-Gummi, the 5 per cent payout for 1980 being the only dividend payment since 1971.

The managing board said yesterday it would recommend to the supervisory board a dividend of more than 5 per cent, but did not specify an exact figure. Herr Helmut Werner, the chief executive, said improvement in the company's performance had resulted from strict cost control, investment in new products and markets and better financial structure. He said that Conti-Gummi would do everything possible to maintain continuity of dividend payments in the future. Conti-Gummi slipped into the red in the early 1970s and then embarked on a lengthy recovery programme involving the restructuring of its technical products divisions, and marketing and investment schemes to meet competition from other tyre makers.

Firestone recovery gathers pace in strong final quarter

BY WILLIAM HALL IN NEW YORK

FIRESTONE Tire and Rubber, the world's second biggest tyre maker, is continuing its strong profit recovery, boosting net income in its final quarter by 80 per cent to $36m. For the full year its net income has jumped from $6m (11 cents a share) to $111m (2.26 per share).

Last year's earnings were hit by a $71m charge for plant closing and other reorganisation costs. However, this was partially offset by a $29m gain on debt repurchases and inventory adjustments.

The group's operating profit in its latest financial year, which ended on October 31, rose by close to two thirds to $284m. The North American tyre operations roughly doubled their operating profits to $144m and international operations increased their contribution from $77m to $110m. The diversified products division increased its operating profits by nearly a third to $30m.

In the final quarter group sales rose 13 per cent to $1.1bn and for the full year sales were virtually unchanged at $3.87bn.

The company also said yesterday that it had agreed in principle to acquire majority control of its Spanish affiliate, which is Spain's biggest tyre producer. Firestone has for many years had a 26 per cent stake in the company, which produced tyres at three plants in Spain, Bilbao, Burgos and Puente San Miguel.

The group's decision to increase its stake in its Spanish operation contrasts with its recent policy internationally either to sell its foreign subsidiaries or increase local participation.

Over the last couple of years it has either sold or reduced its participation in six of the foreign operations. Aside from its minority position in its Spanish affiliate, it also owns minority stakes in companies in Uruguay and Mexico.

Martell lifts profits despite lower sales

BY PAUL BETTS IN PARIS

MARTELL, the world's largest producer of cognac, reported yesterday higher consolidated net group earnings of FFr 81.8m ($9.8m) for its latest year ended June 30, compared with earnings of FFr 75m in the previous 12 month period.

Sales, however, declined to FFr 1.48bn from FFr 1.65bn last year. The company nonetheless is bucking the general downward trend in the cognac business this current year by reporting advances in sales.

Martell is expecting sales to increase this year by 5 per cent in volume and by between 12-15 per cent in revenue. The group's latest financial results and its generally bullish outlook sent Martell shares to a record level on the Paris bourse.

Martell shares gained 16 per cent on the day to close at FFr 1630 a share. The rise rubbed off on other French wine and drinks blue chips, which also showed gains yesterday.

Martell also announced a further diversification venture. After going into the perfume and beauty care business, the company is now launching a line of luxury leather accessories.

Visa Energy files for protection

By Paul Taylor in New York

VISA ENERGY, a Denver-based energy group whose lead bank is Barclays Bank International (BBI), yesterday filed for protection from its creditors under Chapter 11 of the U.S. bankruptcy code.

Visa Energy said that it had filed under Chapter 11 at the request of BBI after negotiations for an equity infusion by a third party ended.

The company said it was continuing talks with a number of outside investors while bankruptcy proceedings took place. Visa also announced settlement of a lawsuit with Marshall exploration. The law suit stemmed from a land sale to Marshall by Visa, which used the proceeds to reduce its debt owed to BBI.

BBI has been involved in a series of debt restructuring talks with Visa since earlier this year. Visa's total debt obligations total about $49.5m.

Last year the company reported a $4.4m loss

Rights issue planned by Allianz unit

By Our Financial Staff

ALLIANZ Lebensversicherung plans a one-for-nine rights issue at DM 75 per share to raise around DM 16.5m ($6m).

Allianz Leben said the new funds were needed because of the widening scope of business. Net profit this year is expected to rise to DM 50m from DM 44m in 1982, and the company will pay a maintained DM 9 dividend.

Allianz Leben expects policies in force to rise to around DM 116bn this year, about 5.8 per cent up on last year.

Kathy Evans on the position of a Dubai merchant's empire

Galadari struggles for survival after seizure of bank and other assets

THE BUSINESS empire of Mr Abdul Wahab Galadari of Dubai lies this week in shambles. The assets of his numerous local companies have been frozen and put under the management of a provisional board which has taken over the bank which he, himself, founded. At his glamorous private office, bedecked in chamois leather and leopardskin, security guards, ironically still on his payroll, monitor the comings and goings of each visitor. Inside the offices, an army of accountants from London are to be seen poring over rolls of computer printouts and voluminous ledgers.

The fate of Mr Galadari — or "A.W." as he is known locally—will be very carefully watched, both inside and outside the UAE. This is not just because he is a major businessman in a town with many international connections. It is also because "A.W." is very much a product of the emirate — and of the particular laissez-faire commercial policies which have made Dubai so successful a centre until now.

Twenty or 30 years ago the Galadari family was making its living, like everyone else in the emirate, by dealing in gold and silver.

For in the days before oil it was bullion that laid the basis of the Dubai merchant families' fortunes. It was a two-way trade—silver came in from Asia, mainly from India, and went out to Europe, and gold came in. Even now it is still a prosperous and sizeable business — Dubai handled some 33m ozs of silver and over 1m oz of gold in the first 10 months of this year.

When oil began to make its impact on Dubai, the Galadari family found, like many others, that land, previously worth practically nothing, was suddenly worth millions. The family went on to build the emirate's first luxury hotel, the Intercontinental, establish a bank, and take on dozens of foreign agencies, including some very lucrative car agencies.

Like many Arab merchant families, a split occurred, and in 1976 A.W. decided to go off on his own, and sold out his interests in the Galadari group—reportedly for several hundred million dollars. Having done that, he proceeded to go into exactly the same kind of businesses as his two elder brothers. Today, like them, he has a hotel, the Hyatt Regency, a newspaper, a bank, a car agency and numerous distributorships in the same line.

Mr 'A.W.' Galadari

A.W. has proved, however, to have a very different style from his elder brothers, and the rest of the Dubai merchant community in general. He was open, chatty, and took his wife on foreign trips wherever he went. He visited London nightclubs and talked to journalists.

Treasure

Once he tried to buy a fabulous collection of gold and jewels from the Nizam of Hyderabad—the Indian Government refused to sell them to him on the grounds they were a national treasure. He then tried to buy a London casino.

All in all, he was not the discreet, low-profile kind of businessman that is expected by the ruling sheikhs.

AW has made many enemies. An environment of envy and jealousy exists with which he is now having to cope as he struggles to survive financially.

Anxiety mounted concerning his loans taken from Union Bank of the Middle East—particularly when the bank's general manager resigned earlier this year. Foolish though he may have been, A.W. much like everyone else—over-extended and suffered the effects of the recession in UAE trading. Moreover, like many others, he was owed money by the federal government, $50m for work done for the Ministry of Defence. Iraq, too, owes him another $27m.

Relations

If A.W. manages to get himself out of this scrape, it will be by virtue of personal relations with the people who really count in the emirates. His family is reported to be gathering around him, and there is speculation that the two elder brothers, Abdul Latief and Abdul Rahim, may take over the Singapore property developments he embarked on earlier this year.

Even by his standards of optimism, that seems an enormous, and perhaps, insurmountable task, given his reported debts of $320m to $380m.

Local bankers are hoping that, whatever, the future heralds for AW, that the situation will be handled with kid gloves, so that confidence in Dubai will not be dented. Local merchants say they hope he gets all he deserves, and that this cleaning up of the merchant community, will be to the long-term benefit of all. Some 2,500 local employees and many others besides—including a string of international banks, stockbrokers and commodity dealers—are anxiously awaiting the outcome.

State aid likely for Cho-Heung Bank

By Ann Charters in Seoul

BANK OF KOREA, South Korea's central bank, is considering providing special funds to Cho-Heung Bank to ease its financial situation which has been strained as a result of the recent Youngdong scandal.

The exact amount of the funds will be decided this week following conclusion of talks with Cho-Heung Bank officials. Cho-Heung is the country's fifth largest commercial bank with paid-in capital of 110bn won (U.S.$138m).

The funds are likely to be made available at a concessionary interest rate of 8 per cent and will be subject to certain conditions. The conditions are still under discussion, but they may include cost saving measures, such as cuts in personnel and closure of less profitable branches.

With the special assistance, the bank is expected to be able to recover its losses within three to five years.

Cho-Heung Bank ran into difficulties when it was discovered in September that executives had illegally guaranteed promissory notes totalling 1,768bn went to two companies—Youngdong Development and Shinhan Cast Iron. The president of Cho-Heung Bank at the time resigned and has since been charged with taking 200m won in bribes to help Youngdong obtain the loans.

Bank of Korea has already underwritten Cho-Heung's guarantee to honour the promissory notes.

In further developments involving the default of the medium-sized Kwangmyong group from Taegu, a central industrial city, prosecutors have arrested seven people including the chairman of the group and two government officials. The charges include breach of trust, bribery, tax evasion and violation of banking laws.

Hong Kong official hits at company audit 'lapses'

BY ROBERT COTTRELL IN HONG KONG

AUDITING of company accounts in Hong Kong had seen "isolated lapses below the high standards that the community rightly expects," Sir John Bremridge, the colony's Financial Secretary, said yesterday.

Sir John was replying, during a meeting of the Legislative Council, to a member who asked whether the Government was satisfied with local auditing standards—"in the light of some recent company failures, which might have involved the falsification or inadequacies of accounts." The past year has seen several failures among local deposit-taking institutions, commodity traders and property companies.

Sir John said he thought that "there may also be lessons to be learned from the forthcoming inspectors' reports into the affairs of Carrian and Eda"—two major local property groups which went into liquidation this year.

Reports on Carrian and Eda are being prepared by inspectors appointed in the spring by Hong Kong's Securities Commission. Completion of the Carrian report is not likely for perhaps another three months, but the report on Eda may be completed earlier. There is uncertainty locally over whether it will be possible to publish the Carrian report if criminal proceedings continue against Mr George Tan, the company's chairman.

● Mr Ho Yin, one of Macau's most prominent businessmen, died in Hong Kong on Monday, aged 75. Mr Ho was a pivotal figure in Macau's business and political affairs. He was a member of the standing committee of China's National People's Congress, chairman of Macau's Chinese Chamber of Commerce, and managing director of the Macau-based Tai Fung Bank, in which the Bank of China has decided to purchase a controlling stake.

Rescheduling of directors' loans at Bank of Oman

BY OUR DUBAI CORRESPONDENT

AN UNDERSTANDING has been reached between Bank of Oman and the United Arab Emirates Central Bank on rescheduling the repayment of loans given to Bank of Oman directors.

Banks in the Emirates have been given until the end of this year to reduce their loans to directors to no more than 5 per cent individually, and 25 per cent for the whole board, of a bank's paid up capital and reserves.

The Ghurair group, which is the major shareholder in Bank of Oman, has a sizeable loan outstanding at the bank arising from the cost of construction of the large shopping and office centre in Dubai which bears the family name.

The loan was needed by a member company of the group when the UAE Currency Board, the forerunner of the Central Bank, withdrew a financing facility for the centre after having paid the first instalment.

A senior executive at Bank of Oman said yesterday that a schedule of repayments of loans given by the bank to directors has now been drawn up, although he declined to give details. The bulk of the repayments would be coming from income generated by the Dubai centre, he said.

The Ghurairs are not only the largest shareholders in Bank of Oman, they are also the largest depositors. The annual turnover of their group is estimated at $1.1bn, with net profits of around $54m.

Bank of Oman has assets of $2.6bn, while advances total only $735m. Net liquidity is $1.3bn—about 69 per cent of total deposits.

United Gulf buys stake in HK deposit taker

BY MARY FRINGS IN BAHRAIN

UNITED GULF BANK, a predominantly Kuwaiti owned Bahrain-based offshore bank with assets of $1.25bn, has taken a 10 per cent equity stake in a small Hong Kong deposit taker, M. M. Worms (Far East) and Associates, as an introduction to the Asian and Pacific markets.

Mr Abdullah Al Ghanim, the former Kuwaiti Minister for Electricity and Water who is chairman of UGB, said he was convinced Hong Kong had a sound future despite current jitters over the sovereignty issue. He commented: "British pride and Chinese pride are at loggerheads, but a solution is negotiable."

Morgan Stanley's three-year technical assistance agreement with UGB comes to an end this month, but Mr Richard Debs, the president of Morgan Stanley International, has agreed to be the first member to serve on a new advisory council drawn from leading bankers, politicians, economists and businessmen.

McKinsey and Company, the accountancy firm, recently completed a review of the bank's forward planning which identified Australia and the Far East as the most attractive new prospects in view of Latin American debt problems and the minimal returns available in Europe. But the Middle East, which accounts for 50 per cent of UGB's business, is still regarded as a growth area.

UGB has an office in London. Its investment subsidiary is also represented there and it will soon open offices in New York and San Francisco. A decision still has to be taken on where to locate an office in the Far East.

KKR stirs up corporate ownership with leveraged buyout schemes

BY TERRY DODSWORTH IN NEW YORK

Kohlberg, Kravis, Roberts, the U.S. specialists in leveraged buyout deals, in which takeovers are based on a relatively high level of debt, this week added to a growing list of bids with the acceptance in principle by Rampac, the West Coast real estate investment trust, of a $121m offer. This follows a string of other such moves, already substantially lengthened this year

THE INITIALS KKR have sprung to prominence on Wall Street. In the last three months they have popped up on three large-scale take-over deals, for Hyster, the international fork lift manufacturer, for Amstar, the largest U.S. sugar refiner, and for Wometco, a big, rambling, cable television, entertainment and soft drinks bottling company.

These acquisitions are, in the current Wall Street parlance, leveraged deals—take-overs in which the bidding company employs a high proportion of debt, often up to 12 times its equity stake.

Kohlberg, Kravis, Roberts, or KKR, is probably the longest established practitioner of the technique in the U.S. It is now bringing the concept on to the public stage.

Until two or three years ago, leveraged deals rarely caught the limelight, and then only for the wrong reasons. To much of the investment world, particularly big institutions, they seemed suspect. Some newly leveraged companies collapsed. Most projects looked risky by conventional standards. A few attracted criticism on grounds of financial manipulation of the most unproductive kind: only recently, for example, Mr William Simon, the former Treasury Secretary, was widely attacked for making tens of millions of dollars out of Gibson Greetings, a card company in which he had invested less than $500,000 and had taken public within 18 months.

The three founding partners in KKR have made a lot of money. But they argue they have filled a gap in the capital markets, gradually developing their technique until it was right to take on a public company.

In the 1960s Mr Jerry Kohlberg, then head of the investment banking department at Bear Stearns, the stockbroker, began to systematise the buy-out idea and to sell it as a package. A quietly spoken 58-year-old, who belies the barnstorming image of the Wall Street wheeler dealer, Mr Kohlberg is the senior partner of the trio who established KKR. The others are Mr George Kravis and Mr George Roberts.

"We became more and more interested in this one aspect of the business," he say, in explaining the decision to form their own advisory partnership in 1976. The group has deliberately stayed small — the entire company numbers only about 20—in a decision not to follow Wall Street's penchant for size. "We didn't want to have to do deals to pay the overheads," says Mr Kravis.

The motivation for the buyout specialists like KKR is clear. Because of the highly geared capital structure of the target companies, the diminished equity base stands to receive an inflated return — provided the company is profitable. Similarly, when the company is sold, or floated off to the public, the equity holders aim to achieve a bigger capital gain than they would if the shares were more widely spread.

Working on this basic concept, KKR has gone through three distinct stages of development. It was launched initially to serve small private companies at a time when larger groups were suspicious of the idea. KKR found a market among owner managers who wanted to realise some of the capital tied up in their companies. It would put together a debt financing package, with funds raised from the banks and institutions, organise a buy-out company in which the owner-manager and itself held the equity, and take over the business: the owner thus retained control and emerged with cash in his pocket.

As the investment community became more willing to provide the funds for buy-outs, KKR was able to move into a second phase of expansion with the takeover of unwanted divisions of larger groups. Again, the company caught a tide in U.S. corporate life — the fashion for deconglomeration of the late 1970s. Many large groups were intent on hiving off peripheral divisions as senior management concentrated on core activities.

The third phase of development has taken KKR into a different league, bidding for public companies which it aims to take private under the control of existing management.

In these transactions, it is emerging as a manipulator of fairly large-scale funds: the Hyster deal — abandoned in the face of a rival leveraged buoyant offer by Esco, the heavy equipment manufacturer — was valued at some $383m; Amstar at $420m; and Wometco at $842m. The leverage has tended to fall as the deals have grown larger, taking away some of the potential profits for the equity holders, but reducing the risk: and as the equity financing has grown to one-third of the total package in some cases, more outsiders are being brought into this side of the fund raising.

Even before these deals are concluded, KKR is working on much more ambitious projects. It has considered and rejected one $2bn proposal, and is thinking of moving into the UK market, where it already raises some of its funds. At the same time, it expects to have established a new equity pool of $1bn by the end of the year, to compare with the $350m of equity it has invested up to now, to provide the base for gearing up to more than $3.5bn of total acquisitions.

Others, besides KKR, believe that the buyout technique has a long-term role to play in the U.S. capital markets. A few days ago, the swelling ranks of the leverage specialists were given further respectability by the decision of the Crocker National Banking group of California, in which the UK's Midland Bank has a controlling stake, to launch its own unit. And in several recent takeover moves one of the first defence mechanisms has been to look at leveraged management buyout possibilities.

KKR argues that this development of the industry shows that many of the early criticisms of the buyout technique were misplaced. Take the question of the risk involved in the high ratio of debt—so large, in many cases, that it would never be considered by a conventional corporate finance director. In many cases, says Mr Kohlberg, the leverage would be suicidal. A high technology company, for instance, does not lend itself to the buyout treatment because of the product risk involved.

The skill of a buyout specialist, he argues, is in judging the financial risk—determining the appropriate amount of gearing. As far as possible, KKR takes no chances on products or management, choosing mature companies with a market niche and an established ability to throw off cash, even at the expense of growth.

"We are cash flow buyers," says Mr Kravis. "The key to getting things right is to watch cash flow, followed by management and the product." It seeks to limit the managerial risk by insisting that managers take as large a stake as they can afford. "We want them to have something to lose."

To the second criticism—that buyouts frequently amount to no more than financial manipulation—KKR puts up a classic market defence. Buyouts, it says, free capital for the seller and, more importantly, release drive in management which is often smothered in larger companies. Managers who have an equity stake have greater motivation and make their assets work more—and that is why the leveraged companies can quickly generate the cash to pay down some of their debt and to be floated off at a profit.

It is difficult to test this concept of improved efficiency at a time when a strong equity market has made investors willing to snap up new issues. But one notable feature of KKR's operation is that it has not responded to the buoyancy on Wall Street by rushing to push stock into the market. Out of 33 investments, it still holds 20, and only four have gone public. The aim, it says, is to invest for the long-term and to build target companies up before liquidating its stakes.

It is also becoming apparent that the extraordinarily high profit possibilities of the early days of buyouts are steadily diminishing. This is partly the result of the growing size of the deals, and partly to the increasing competition: as buyouts become more common, shareholders are becoming more aware of their bargaining position, pushing prices higher, and depressing potential gains. The buyout companies are having to inject more equity to reduce their risk.

This trend was shown in the proposed Wometco deal, where the offer price was about four times stated net worth and entirely geared to cash flow. Yet KKR is proposing to pay more than 30 times historic earnings. In this sort of situation, the leveraged element has to be trimmed to make the deal possible. But then, if KKR continues on its present course, it will have more available equity funds to play with.

EBC

THE EUROPEAN BANKING TRADED CURRENCY FUND LIMITED

(Registered with limited liability in Jersey under the Companies (Jersey) Laws 1861-1968 on 1st December, 1983)

INITIAL OFFER FOR SUBSCRIPTION of up to 20,000,000 Participating Shares of one US cent each at US$10.20 per Share available for issue as Capital Shares or Income Shares.

The Subscription Lists will open at 10.00 a.m. on Thursday 15th December, 1983 and will close at 12 noon on Monday 16th January, 1984.
Dated: 5th December, 1983

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US $1,000	Manager's Shares of one US cent each	US $1,000

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Except as mentioned in paragraph 11 of the Appendix, as at 1st December, 1983, the Fund did not have outstanding any debentures, loan capital (including term loans and loan capital created but unissued), mortgages, charges or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, hire-purchase commitments or guaranteed or other material contingent liabilities.

SALIENT FEATURES

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The European Banking Traded Currency Fund Limited is an open-ended investment company registered in Jersey. Application will be made for the Shares of each class of the Fund to be listed on The Stock Exchange, London.

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The Fund aims to provide skilled currency management and to develop further the more conventional policies followed by similar funds. Up to 25 per cent. of its assets will be traded on an intra-day basis in order to benefit from short term fluctuations in currency values and to reduce the risk of investment in currencies. The Fund is intended to give the investor the ability to invest in a wide variety of currencies and monetary instruments.

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Income Shares and Capital Shares are available for subscription. Dividends will be paid to holders of Income Shares but not in respect of Capital Shares and the subscription and redemption prices of such Shares will reflect the reserves accumulated in respect of each class of Shares.

Issues and redemptions of Shares
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Issue and redemption prices will be calculated by the Manager by reference to net asset value.

Conversion of Shares
Shareholders may convert Shares from one class to another on application to the Manager.

Continental Depositary Receipts
Subscribers investing more than US$5,000 may hold their investment in bearer form.

Charges
The initial offer price includes a reduced initial charge of 20 US cents per Share which is payable to the Manager. Issues of Shares after the initial offer for subscription will normally be subject to an initial charge of 3 per cent. The Manager will receive a fee based on an annual rate of 0.75 per cent. of the Fund's net asset value. This fee will include the fee payable to EBC in respect of investment advice.

Taxation
It is the aim of the Fund to minimise taxation on its income.
The Directors believe that the Fund should achieve an above average level of return and that it should offer an attractive investment opportunity, even though it is proposed that, with effect from 1st January, 1984, gains accruing to investors liable to United Kingdom tax on disposals of Shares will be charged to tax as income.

Base currency
The net asset value of the Fund is expressed in US dollars. Movements in the net asset value expressed in US dollars will not necessarily be reflected in similar movements when converted into other currencies.

Manager, Secretary and Registrar
EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St. Helier, Jersey, Channel Islands. (Telephone: 0534-36331)

Depositary
Amsterdam Depositary Company N.V., 172 Spuistraat, 1012 VT Amsterdam, The Netherlands.

Legal Advisers
In England:
Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA.

In Jersey:
Bedell & Cristin, P.O. Box 75, Normandy House, St. Helier, Jersey, Channel Islands.

In Belgium:
De Bandt, Van Hecke, Lagae & Van Bael, Rue Bréderode 13A, 1000 Brussels, Belgium.

Custodian
Midland Bank Trust Corporation (Jersey) Limited, 28-34 Hill Street, St. Helier, Jersey, Channel Islands. (Telephone: 0534-36281)

Sub-Custodian and Banker
European Banking Company S.A. Brussels, Boulevard du Souverain 100, B-1170 Brussels, Belgium. (Telephone: 02-660 4900)

Stockbrokers
Capel-Cure Myers, Bath House, Holborn Viaduct, London EC1A 2EU. (Telephone: 01-236 5080)

Auditors
Coopers & Lybrand, Chartered Accountants, La Motte Chambers, St. Helier, Jersey, Channel Islands.

Registered Office
EBC House, 1-3 Seale Street, St. Helier, Jersey, Channel Islands. (Telephone: 0534-36331)

Background to the Fund

Foreign exchange markets can be considered as nearly "perfect" markets in terms of their depth and price sensitivity. When looking at the volume of money changing hands they represent the biggest markets in the world. A particular attraction is the ability to deal easily and cheaply in large amounts. Interpreting correctly the movements of these markets throws up major opportunities for investment.

The European Banking Traded Currency Fund Limited will offer potential for investment appreciation in the foreign exchange markets and will receive investment advice from European Banking Company Limited in London. EBC is one of the larger merchant banking groups in the City of London with assets, including those of its Belgian associate, of over US$3 billion.

EBC was founded in 1973 by seven major European banks, known as the EBIC Group, made up of Amsterdam-Rotterdam Bank N.V., Banca Commerciale Italiana S.p.A., Creditanstalt-Bankverein, Deutsche Bank A.G., Midland Bank plc, Société Générale de Banque S.A./Generale Maatschappij and Société Générale (France) S.A.

These banks have combined total assets of around US$380 billion and represent a powerful concentration of economic and financial expertise. They own a number of important international joint-venture banks as well as EBC.

The opportunities offered by the Fund can be summarised as follows:

(a) **Improved and flexible currency concept**
The Fund is designed to provide the investor with skilled currency management. The Fund will follow a strategy which differs from that followed by most other currency funds by adding a foreign exchange trading element on an intra-day basis to the more traditional pattern of seeking capital gains from an advantageous distribution of currencies over time.
This will be achieved by the following allocation of assets:
(1) a proportion of the Fund's assets will be traded on an intra-day basis with a view to benefiting from the short term movements in foreign currency values. This proportion of the Fund's assets will typically be invested on a "spot" basis (that is, through contracts providing for two days' delivery) and when aggregated will not exceed a quarter of total assets calculated in accordance with the Fund's Articles of Association on a daily basis;
(2) in respect of the remainder of the Fund's assets, the medium to long-term currency prospects of the Fund's investments will be assessed regularly and, on that basis, the mix of currencies and monetary instruments held by the Fund will be varied periodically.
The Fund will be able to spread its investments between a variety of currencies and of categories of investment and to switch such investments quickly and cheaply. The Fund should therefore obtain a degree of capital protection which an individual investor, with less capacity to invest in several different currencies at the same time, would find more difficult to achieve.

The trading of a quarter of the Fund's assets on an intra-day basis (where no overnight positions will be taken) is designed to reduce the risks inherent in investment in currencies. However, this should not be interpreted to mean that positive performance in net asset terms is being guaranteed by the Fund.

(b) **Quality of currency advice**
The Directors are senior officers involved in the international activities of the banks comprising the EBIC Group. Each of these banks has the advantage of operating in important foreign exchange markets in major European and North American financial centres. This should ensure that the Fund is well-positioned to act promptly and decisively in fluctuating currency markets.

(c) **Practical expertise**
Interest rate differentials, political upheaval, commodity price movements and simple speculation are only a few of the factors which can affect a decision to acquire, hold or dispose of a particular currency. Such factors are perhaps not open to rational interpretation or prediction and investment in foreign currencies is therefore an area where advice is particularly important.

EBC's foreign exchange activities over the past five years have been consistently profitable. Its foreign exchange dealing desk occupies an active position in the principal "spot" exchanges and has been assessed as being pre-eminent in sterling dealings in international surveys conducted by the London-based magazine "Euromoney" among banks involved in foreign exchange markets. EBC will not undertake currency transactions for the Fund, which will typically deal through the Sub-Custodian or other fully authorised banks outside the United Kingdom. The Directors believe that EBC's expertise in the currency field should enable the Manager to receive practical advice, the quality of which will give the Fund significant advantages.

(d) **High interest rates**
The Fund will be able to invest in money market instruments not normally available to private investors and, as a result of the sums to be invested by it, will be able to achieve the high rates which are available on the interbank markets.

(e) **Easy method of investing**
Shares of both classes may be redeemed on five business days' notice or converted into Shares of the other class on one business day's notice (see below). Certain investors may also elect to hold their investment in bearer form (see below).

(f) **Competitive initial charge**
The initial charge to be paid to the Manager on subscription will only amount to 20 US cents per Share during the period of the initial offer for subscription and to 3 per cent. of the subscription price thereafter. Other fees and commissions payable by the Fund are limited to those described below.

(g) **United Kingdom tax aspects**
Notwithstanding the proposed new tax rules described below, the Directors believe that the Fund will offer the following advantages:
(i) **the Fund is not expected to suffer United Kingdom tax on its income;**
(ii) **shareholders subject to United Kingdom taxation will not be liable to such tax (except in respect of dividends on Income Shares) until such time as they dispose of their shares. In effect, this allows an investor's interest in the Fund to grow at a compound rate free of tax until he wishes to realise his holding, which may be after a considerable number of years. This may be of particular interest to many investors including, for example, those who are saving for retirement or who may be able to realise their investment in a year in which they would either not be liable to tax or in which any tax liability may be reduced. Alternatively, disposals (and, therefore, the relevant tax charges) can be spread over a number of years, as the individual shareholder thinks fit.**

Definitions

In this Prospectus, unless the context otherwise requires, the following expressions shall bear the following meanings:
the "Fund" The European Banking Traded Currency Fund Limited;
the "Manager" EBC Trust Company (Jersey) Limited;
"EBC" European Banking Company Limited, the investment adviser to the Fund;
the "Custodian" Midland Bank Trust Corporation (Jersey) Limited;
the "Sub-Custodian" European Banking Company S.A. Brussels;
the "Depositary" Amsterdam Depositary Company N.V.;
the "Nominee" EBC Nominees (Jersey) Limited;
"Capital Shares" the Participating Redeemable Preference Shares of one US cent each in the capital of the Fund in respect of which income will be accumulated;
"Income Shares" the Participating Redeemable Preference Shares of one US cent each in the capital of the Fund in respect of which it is intended that income will be distributed;
"Shares" Income Shares or Capital Shares, as the context may require;
"CDRs" Continental Depositary Receipts in bearer form issued by the Depositary;
"business day" a day on which banks are open for business in London, New York and Jersey;
"subscription price" the price at which an Income Share or a Capital Share, as the case may be, is issued;
"redemption price" the price at which an Income Share or a Capital Share, as the case may be, is redeemed.
In this Prospectus, references to "dollars" and "US$" are to lawful currency of the United States of America.

Investment Policy

The assets of the Fund may be applied in the following categories of investment, each investment having a final maturity of no more than 18 months from its date of acquisition:

(i) Foreign exchange contracts, where the parties agree to exchange currencies at specified rates. These contracts may provide for delivery either within two days of the date of contract ("spot contracts") or at a later date ("forward contracts"). The Fund will not enter into forward contracts where the delivery date is more than six months after the date of the contract;
(ii) Deposits with banks having total assets of more than US$3 billion, or its equivalent;
(iii) Certificates of Deposit or Banker's Acceptances issued by banks having total assets of more than US$3 billion or its equivalent or, where there are guarantees as to principal and interest, by their financing subsidiaries;
(iv) Bonds, notes or other securities issued by governmental authorities, supra-national agencies such as the EEC or the World Bank, or by corporations rated "A" or better or its equivalent status by Standard & Poor's Corporation ("S&P") and by Moody's Investors Services Inc. ("Moody's");
(v) Commercial Paper (both domestic and issued in the euro-currency market) rated A-1 by S&P and Prime-1 by Moody's or, if not so rated, then issued by an issuer which has its long term debt rated "A" or better by S&P or Moody's. This Commercial Paper will usually consist of short term, unsecured promissory notes issued by corporations and certain other entities in order to finance their current operations;
(vi) Re-purchase agreements relating to the categories of security itemised in the above sub-paragraphs. Such agreements arise when a buyer purchases a security and simultaneously agrees to sell it to the vendor at an agreed future date, normally one or two days later (although the underlying securities may have maturities in excess of one year). The re-sale price is greater than the purchase price, reflecting an agreed market rate which is effective for the period of time during which the buyer's money is invested in this security and which is not related to the coupon rate on the purchased security itself.

The Manager intends to ensure that there is a prudent spread of risk in the investments undertaken by the Fund and the Fund's Articles include restrictions on the proportion of its assets which may be invested in certain of the above categories of investment. No new investment will exceed 20 per cent. of the net asset value of the Fund when made and will generally not exceed 10 per cent. Moreover, a minimum of 15 per cent. of the value of the assets in the Fund (as determined in accordance with the Articles of Association) will normally be kept available at seven days' notice or less (except to the extent that this percentage is reduced by redemptions and conversions, when the intention is to reinstate the liquidity margin as soon as circumstances permit). This policy is intended to provide sufficient funds to enable redemptions and conversions to be effected without the premature realisation of investments.

The Directors intend to follow the above investment policy for a minimum period of three years following the granting of a listing by The Stock Exchange.

General Information

Management and Administration

The Manager
The Fund has appointed EBC Trust Company (Jersey) Limited as its manager under an Agreement which is summarised in paragraph 12 of the Appendix. The Manager is a wholly-owned subsidiary of European Banking Company Limited, the investment adviser to the Fund (see below), and also acts as Administrative Agent of the International Income Fund, a trust established in Jersey with assets exceeding US$15 million.

Subject to the control of the Directors, the Manager is responsible for the administration of the Fund, including the investment and valuation of the Fund's assets and the issue and redemption of its shares. The Manager will also act as Registrar in respect of the Shares and as Secretary to the Fund.

The Directors of the Manager are R. C. Kahrmann (a director of EBC and the Sub-Custodian), K. B. Ineson (a director of the Custodian) and P. G. Farley (a senior officer of the Custodian).

The Investment Adviser
European Banking Company Limited has been appointed as investment adviser to the Manager under an Agreement which is summarised in paragraph 12 of the Appendix. EBC is an internationally-based bank which is owned by the banks described above. EBC's fees will be borne by the Manager. The performance of EBC as investment adviser will be supervised on an ongoing basis by an Investment Committee comprising some of the Fund's Directors and, possibly, certain officers of multinational corporations with particular expertise in the foreign exchange markets.

The Custodian
Midland Bank Trust Corporation (Jersey) Limited has been appointed by the Fund as its custodian with responsibility for the custody of the assets of the Fund under an Agreement which is summarised in paragraph 12 of the Appendix. The Custodian is a wholly-owned subsidiary of Midland Bank plc.

The Custodian has appointed European Banking Company S.A., Brussels as sub-custodian under an Agreement also summarised in paragraph 12 of the Appendix. The Sub-Custodian is a bank incorporated and resident in Belgium which is owned by the same group of banks as EBC. The management activities of the Sub-Custodian and EBC have been integrated since 1st January, 1983 but both continue to operate with full banking status in their respective centres of Brussels and London.

The Shares

Capital Shares and Income Shares
CAPITAL SHARES The funds raised by the issue of Capital Shares and Income Shares will be invested together. The income and any capital profits of the Fund will be allocated between the two classes of Shares in proportion to the interests of each class in the underlying assets of the Fund. Dividends will not be paid in respect of Capital Shares.

INCOME SHARES Interest income earned by the Fund and attributable to the holders of Income Shares will be distributed to such holders, normally after the production of the annual and half-yearly accounts as at 31st March and 30th October in each year respectively (commencing in September 1984). Dividends will only be paid out of interest income and not out of surpluses arising from the realisation of investments.

Form of the Shares
Shares will generally be issued in registered form but subscribers who wish to invest US$5,000 or more or who hold Shares exceeding that value may apply to the Manager to hold their investment in bearer form. In that event, the Shares will be registered in the name of the Nominee and Continental Depositary Receipts to bearer will be issued by the Depositary as evidence of the holder's interest in the Shares which they represent. The CDRs will not be listed.

The procedure for redemption, conversion and transfer of Shares represented by CDRs is set out below in the paragraphs concerning those subjects. Holders of CDRs representing Income Shares may claim any dividend which is declared by surrendering the appropriate coupon (which will be attached to the CDR) at the office of the Depositary.

Issue of Shares
The procedure for application for the initial issue of Shares is set out below under "Procedure for Application". The minimum amount which may be invested is US$1,000. Acceptance of applications will be conditional upon

the Shares being admitted to the Official List by the Council of The Stock Exchange not later than 14th December, 1983 and upon not less than US$500,000 being raised by this initial Offer for Subscription. The subscription lists for the initial offer will open at 10 a.m. on 15th December, 1983 and will close at 12 noon Jersey time on 16th January, 1984.

After the closing of the initial offer, Shares may be issued on any business day. Such Shares will be issued at the appropriate subscription price which will be based on the net asset value of the Fund and which will be calculated by the Manager in accordance with the procedures set out in paragraph 3 of the Appendix.

Shares will be allotted at the appropriate subscription price ruling on the business day on which the Manager receives confirmation before 12 noon that cleared funds have been paid into the Fund's bank account. In normal circumstances, such confirmation will be received before 12 noon on the first business day after the payment has cleared. Payment will be acknowledged and share certificates or CDRs, as the case may be, will be issued as soon as practicable thereafter.

Fractions of Shares will not be issued and monies attributable to fractions will be returned to the investor unless less than US$5.00.

Redemptions

Subject to five business days' written notice, Shares may be redeemed on any business day at the appropriate redemption price for that day, which will be based on the net asset value of the Fund and will be calculated by the Manager in accordance with the procedures set out in paragraph 3 of the Appendix.

Redemption may be effected by notice by telex, letter or telephone to the Manager specifying the number and class of Shares to be redeemed. Holders of registered Shares should at the same time deposit with the Manager the relevant share certificates (with the redemption request on the reverse duly completed). Holders of CDRs should deposit the CDRs representing the Shares to be redeemed with the Depositary and inform the Depositary that a request for redemption has been made.

Notice received by the Manager after 12.00 noon (Jersey time) on any day, or on a day which is not a business day, will be deemed to have been received on the next business day. Unless the number of Shares to be redeemed is specified in a request for redemption, the request will be deemed to apply to all the Shares represented by the share certificates received by the Manager or CDRs received by the Depositary, as the case may be.

Payment of the redemption proceeds will be made in US dollars (unless otherwise instructed) on the business day immediately following the date of redemption. Payment may be requested in any other major currency but will be subject to completion of the requisite foreign exchange transaction effected through arrangements with the Sub-Custodian and it must be stressed that such conversion takes place entirely for the account and at the risk of the person requesting the redemption. Where practicable, payment will be made by telex transfer to the nominated bank account of the persons requesting redemption in respect of amounts over US$5,000 (or its equivalent in the currency concerned). In the case of lesser amounts, payment will be made by cheque. Telex and any bank charges will be deductible from the redemption proceeds.

The Fund may only redeem 15% of the Capital and Income Shares on any business day. If requests for redemptions are received which would cause this figure to be exceeded, all such requests will be scaled down pro rata and any requests which cannot be dealt with on a particular business day will be treated as if received on the following business day. Redemptions of Shares may also take place or be suspended in accordance with paragraphs 4 and 5 of the Appendix.

The subscription and redemption prices ruling for the preceding business day will be published daily in the "Financial Times" and in "The International Herald Tribune". Prices will also be available on request from the Manager, whose determination of the subscription and redemption prices on any business day shall be conclusive.

Transfers of Shares

Subject to the provisions mentioned in paragraph 4 of the Appendix, registered Shares will be freely transferable.

CDRs will be transferable by delivery and it is important that secure arrangements are made for their safekeeping. CDRs may at any time be exchanged for registered Shares by application to the Depositary to whom the CDRs should be delivered.

Registered Shares may also be exchanged for CDRs by application to the Manager to whom the share certificates should be delivered.

Dealings on The Stock Exchange will be subject to normal brokerage and other charges.

Conversion between Classes of Shares

Income Shares may on one business day's notice be converted into Capital Shares and vice versa by written request served on the Manager. Holders of registered Shares should at the same time deposit with the Manager the relevant share certificates (with the conversion request duly completed). Holders of CDRs should deposit the CDRs representing the Shares to be converted with the Depositary and inform the Depositary that a request for conversion has been made.

The right to convert is dependent on the Fund having sufficient available share capital to implement the conversion. The Manager will try to procure that the available capital is kept at a level where this will be possible.

Taxation

The statements set out below are based on advice received by the Fund regarding the law and practice in force in Jersey and the United Kingdom and are subject to changes therein.

The Fund

It is the intention of the Directors to conduct the affairs of the Fund in such a manner as to minimise, so far as reasonable, taxation suffered by the Fund.

The income and capital gains of the Fund will not be liable to tax in Jersey and it is not expected that the Fund will incur any other tax in Jersey except for Jersey corporation tax, at present £300 per annum.

The Directors consider that the Fund is not resident in the United Kingdom and it is their intention to conduct the affairs of the Fund so that it will continue not to be so resident.

The Shareholders

All investors should consult their professional advisers on the potential tax and exchange control consequences of subscribing for, purchasing, holding, converting, redeeming or selling Shares under the laws of any jurisdiction to which they are subject.

The following paragraphs relate only to United Kingdom and Jersey taxation.

United Kingdom Shareholders

Prior to 31st December, 1983

Holders of Shares (other than those holding Shares as dealing stock to whom different rules apply) who are resident or ordinarily resident in the United Kingdom or who carry on a trade in the United Kingdom through a branch or agency, may, depending on their individual circumstances, be liable to tax in respect of gains arising on redemption or disposal of Shares. Holders of Income Shares resident in the United Kingdom for tax purposes may also, depending on their individual circumstances, be liable to United Kingdom income or corporation tax (as the case may be) in respect of dividends or other income distributions of the Fund. Dividends will not be paid on Capital Shares.

From 1st January, 1984

The Inland Revenue have announced that, from 1st January, 1984, shareholders liable to United Kingdom taxation will be taxed on the basis that gains arising from disposals of Shares will comprise investment income. Holders of Income Shares will also, depending on their individual circumstances, pay tax at income rates on dividends received.

Generally

Section 460 of the Income and Corporation Taxes Act 1970 (the "Act") provides for the cancellation of tax advantages from certain transactions in securities. Clearance has been obtained from the United Kingdom Board of Inland Revenue under Section 464 of the Act that these Sections will not apply to the issue, redemption and conversion of Shares of either class, the purchase of Shares from, and their sale to, the Manager and (except in the case of a sale to a company in which the vendor has a substantial interest) the purchase and sale of Shares through The Stock Exchange.

The attention of individuals ordinarily resident in the United Kingdom is drawn to Section 478 of the Act and to Section 45 of the Finance Act, 1981. These Sections contain provisions for preventing the avoidance of income tax by such individuals by transactions resulting in the transfer of income to persons (including companies) outside the United Kingdom and may render them liable to tax in respect of undistributed income or profits of the Fund.

Changes in the law are proposed which, with effect from 6th April, 1984, may subject certain United Kingdom resident companies to tax on the profits of companies not so resident in which they have an interest. The proposals will affect United Kingdom resident companies which are deemed to be interested in at least 10 per cent. of the profits of a non-resident company which is controlled by United Kingdom residents and which does not implement full distribution policies. Although the position is not yet clear, the proposals may be of limited effect on any such United Kingdom resident companies which only hold Income Shares. The draft legislation is not directed towards the taxation of capital gains.

Jersey Taxation

Holders of Income Shares resident for tax purposes in Jersey will suffer deduction of tax on payment of dividends by the Fund at the standard rate of Jersey income tax for the time being in force. The attention of Jersey residents is also drawn to Article 134A of the Income Tax (Jersey) Law 1961 which may, in certain circumstances, render such a resident liable to income tax on the undistributed income or profits of the Fund.

No death duties, capital gains tax, gift, inheritance or capital transfer taxes are levied in Jersey. No stamp duty is levied in Jersey on the issue, transfer, conversion or redemption of Shares. No withholding taxes are payable in Jersey on the conversion or redemption of Shares.

Meetings and Reports

Annual General Meetings of the Fund will be held in Jersey. Holders of Shares in registered form will be entitled to attend and vote at such meetings. The holder of a CDR may exercise his voting rights by depositing the CDR at the office of the Depositary and by instructing the Depositary as to the exercise of the voting rights attached to the Shares evidenced by such CDR. In the absence of such instructions, the Depositary will exercise such voting rights or refrain from doing so, as it thinks fit in the interests of the holder.

Audited accounts of the Fund will be made up to 31st March in each year and will be despatched to registered shareholders normally in May of each year. An interim unaudited report for the first six months of each financial year will be sent to registered shareholders normally in November in each year. The first financial period of the Fund will end on 31st March, 1985.

Notices of general meetings, the payment of dividends and of the availability of any reports, accounts or circulars to shareholders will be published for the benefit of holders of CDRs in two leading daily newspapers.

Fees and Charges

During the initial offer period, the subscription price includes an initial charge of 20 US cents per Share which will be deducted from the amount received for investment and paid to the Manager on the issue of Shares. Thereafter, the initial charge will normally be of 3 per cent. of the subscription price. The Manager may pay a commission to recognised agents out of the initial charge.

The Manager is also entitled to receive from the Fund a fee payable in arrears on the last business day of each month and based on an annual rate of 0.75 per cent. of the Fund's net asset value computed on a daily basis. The fees of EBC will be borne by the Manager out of its remuneration.

Under the Custodianship Agreement, the Fund will pay to the Custodian a fee payable in arrears on the last business day of each month and based on an annual rate of 0.125 per cent. of the Fund's net asset value as determined for the purpose of calculating the Manager's fee, subject always to a minimum fee of US$22,500 in any year. The fees of the Sub-Custodian will be borne by the Custodian out of its remuneration.

Under the Deposit Agreement, the Fund will pay to the Depositary an initial fee of D.Fl. 15,000 (in five annual instalments) and a six monthly fee based on the net asset value of the Fund, fixed initially at D.Fl. 6,000.

The Manager, the Custodian and the Depositary will also be reimbursed by the Fund for all out of pocket expenses incurred in connection with their respective duties on behalf of the Fund, including expenses incurred by EBC and the Sub-Custodian. The Fund is responsible for all its own expenses (including the preliminary expenses detailed in paragraph 11 of the Appendix), the fees and expenses of its Directors, bank charges and brokerage or commissions incurred on the acquisition and disposal of investments.

Liability

Provided that all reasonable efforts have been made to avoid such delay, neither the Fund, the Manager, the Custodian, the Sub-Custodian, the Depositary, nor the Nominee, nor any of their directors, officers or employees, can be held liable for any delay in issuing Shares or in settling conversions or redemptions of Shares resulting from any breakdown of the means of communication employed in the transmission of information or instructions regarding the transaction, in acting on instructions from the holder thereof or from the holder of a CDR or from a suspension of issues, redemptions and conversions of Shares in accordance with the Articles of Association.

Appendix

1. Share Capital

The authorised capital of the Fund is US$201,000 divided into 100,000 Manager's Shares of one US cent each and 20,000,000 Unclassified Shares of one US cent each, all of which are available for issue as Capital Shares, Income Shares or as Nominal Shares. No Unclassified Shares have been issued as at the date of this Prospectus. The Manager's Shares have been issued at par for cash to the Manager or its nominees.

The rights attaching to the various classes of shares are as follows:

(a) **Manager's Shares**
The Manager's Shares have been created and issued in order to comply with Jersey law under which the Capital Shares and Income Shares must be issued with preference over another class of capital. The Manager's Shares carry no right to a dividend, and, in a winding-up, rank only for a return of paid up capital after the return of paid up capital on the Shares and the Nominal Shares. At general meetings, the holders of the Manager's Shares are together entitled to one vote, irrespective of the number of Shares so held. The Manager's Shares are not redeemable.

(b) **Capital Shares and Income Shares**
Income Shares carry a right to any dividend declared by the Fund. Capital Shares carry no right to dividends and the proportion of the Fund's assets which are attributable to such Shares will increase as a result. Each holder is entitled, on a poll at a general meeting, to one vote for each Share held. In a winding-up, each Capital Share and Income Share has a preferential right of return of paid up capital and to share in surplus assets after the return of capital on Manager's Shares and Nominal Shares.

(c) **Nominal Shares**
Nominal Shares will only be issued to and redeemed at par by the Manager and for the purpose of providing funds for the repayment of the nominal amount of any Capital Shares or Income Shares which are redeemed. Nominal Shares carry no right to a dividend and, in a winding-up, have a right of repayment of paid up capital before the Manager's Shares. At general meetings, the holders of Nominal Shares are together entitled to one vote irrespective of the number of Shares so held. Nominal Shares may be converted into Capital Shares or Income Shares by the Manager for sale to investors.

No issue of Capital Shares or Income Shares (other than issues for cash at prices calculated in accordance with this Prospectus or any subsequent Prospectus of the Fund) will be made within one year from the date hereof without the approval of the Fund in general meeting. If ten per cent. or more of the authorised share capital remains unissued after the subscription made pursuant to this Prospectus, no issue will be made (other than as mentioned above) which would effectively alter the control of the Fund without the prior approval of the Fund in general meeting.

2. Variation of Class Rights

(a) All or any of the special rights for the time being attached to any class of shares in issue may from time to time (whether or not the Fund is being wound up) be varied with the consent in writing of three-quarters of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of such shares. To every such separate general meeting, the provisions of the Fund's Articles of Association shall apply mutatis mutandis, but so that the necessary quorum shall be two persons holding or representing by proxy one-third of the issued shares of the class.

(b) The rights attached to the Capital Shares or Income Shares shall be deemed to be varied by any variation of the rights attaching to shares of any other class or by the creation or issue of any shares (other than Capital Shares or Income Shares) ranking pari passu with or in priority to them as respects rights in a winding-up or rights to participation in profits of the Fund.

(c) Subject to paragraph (b) above, the rights attached to any class of shares having preferential rights shall (unless otherwise expressly provided by the terms of the issue of such shares) be deemed not to be varied by the creation or issue of further shares ranking pari passu therewith.

3. Subscription and Redemption Prices

Shares of both classes may be allotted on any business day for settlement on that day at the appropriate subscription price ascertained:

(a) by calculating (in accordance with the Articles of Association) the value of the Fund's assets net of liabilities and the proportion of such net assets represented by one Share of the class concerned as at the close of business on the preceding business day;

(b) by adding thereto such sum as the Directors consider would represent the appropriate proportion of the duties and charges which would be payable if all the Fund's assets had been acquired on that day; and

(c) by rounding the resulting amount upwards to the nearest cent.

Shares of both classes may be redeemed on any business day for settlement on the following day at the appropriate redemption price ascertained:

(a) by determining (in accordance with the Articles of Association) the value of the Fund's assets net of liabilities and the proportion of such net assets represented by one Share of the class concerned as at the close of business on the preceding business day;

(b) by deducting therefrom such sum as the Directors consider would represent the appropriate proportion of the duties and charges which would be payable if all of the Fund's assets had been realised on that day;

(c) by making such adjustments as the Directors consider appropriate if, in order to meet requests for redemption, it is necessary to realise investments prematurely or to borrow money; and

(d) by rounding the resulting amount downwards to the nearest cent.

The Fund's Articles of Association contain detailed provisions for the valuation of the Fund's assets, including provisions concerning the rates at which foreign currencies are to be converted into dollars. However, the Directors may, in their discretion, value the Fund's assets on a different basis if this should be considered more equitable by them. Further, where on any date, any investment has been realised or contracted to be realised and the amount receivable on such realisation is included as an asset of the Fund, but where such amount is not payable until some future time, the Directors may make such allowance as they consider appropriate. The Directors may operate an equalisation account.

4. Compulsory Redemptions

If at any time, the net asset value of the Fund on each business day falling within a period of four consecutive weeks, is less than US$500,000, the Directors may by four weeks' notice to all holders of Capital Shares and Income Shares given within eight weeks of the expiry of that four week period redeem on the business day nominated in that notice and at the appropriate redemption price all (but not some) of the Shares of both classes not previously redeemed.

The Fund reserves the right to require the redemption or transfer of Shares (i) acquired or held by a person of under twenty years of age or by any person in circumstances which appear to the Manager to be in breach of any applicable law or requirement or which, in the opinion of the Manager, might result in the Fund suffering taxation or other pecuniary disadvantage which it would not have suffered if such person (whether alone or together with any other person) ceased to be a holder of Shares or (ii) if the Manager becomes aware that the value of a holding of Shares has fallen below US$1,000, the minimum subscription.

All Shares not previously redeemed will be redeemed by the Fund on the first business day in 2084 at the redemption price on that day.

5. Suspensions of Issues, Redemptions and Conversions

The Directors may declare a suspension of issues, redemptions and conversions during the whole or any part of any period during which the closure of, or the suspension or restriction of trading on, any money or foreign exchange market or stock exchange or a breakdown in any of the means normally used in ascertaining the value of the Fund's assets or any other reason or circumstance means that, in the opinion of the Directors:

(a) the value of any of the Fund's assets cannot be reasonably ascertained; or

(b) it is not possible to realise a material proportion of the Fund's assets or to receive remittances in respect of such assets, either at all or without undue delay or at normal rates of exchange.

In some cases payment in respect of Shares redeemed prior to such a suspension may be postponed until the suspension has been lifted.

Notice of the imposition or lifting of such a suspension will be published in the "Financial Times" and in "The International Herald Tribune".

Applications for Shares and requests for redemption or conversion may be withdrawn during any period of suspension by written notice served on the Manager.

6. Directors

There are no existing or proposed service contracts between the Fund and any of its Directors. A Director is not required to hold any shares by way of qualification. There are no provisions requiring Directors to retire at any particular age. Each Director is entitled to Directors' fees of US$2,500 per annum. However, the Directors have resolved to waive such fees until further notice.

The Articles of Association of the Fund contain provisions concerning Directors to the following effect:

(a) The Directors shall be entitled to such remuneration as they may from time to time determine. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending or returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund or in connection with the business of the Fund. The Directors may also grant special remuneration to any Director who performs any special or extra services for, or at the request of, the Fund;

(b) A Director may hold any other office or place of profit under the Fund (other than the office of auditor), in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine;

(c) No Director or intending Director shall be disqualified by his office from contracting with the Fund, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Fund in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established, but the nature of his interest must be declared by him at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration or, if the Director was not at the date of that meeting interested in the proposed contract or arrangement, then at the next meeting of the Directors held after he becomes so interested. A general notice given in writing to the Directors by any Director to the effect that he is a member of any specified company or firm, and is to be regarded as interested in any contract which may thereafter be made with that company or firm, shall, if such Director shall give the same at a meeting of the Directors or shall take reasonable steps to secure that the same is brought up and read at the next meeting of the Directors after it is given, be deemed a sufficient declaration of interest in relation to any contract so made;

(d) Any Director may act by himself or through his firm in a professional capacity for the Fund (other than as auditor) and he or his firm shall be entitled to remuneration for such services;

(e) A Director may not vote in respect of any contract or arrangement or other proposal in which he has a material interest (other than by reason of his holding securities of the Fund) nor may he be counted in a quorum except in special cases as set out in the Articles of Association;

(f) Any Director may continue to be or become a director, managing director, manager, or other officer or member of any company promoted by the Fund or in which the Fund may be interested or associated in business, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company;

(g) The Directors may exercise the voting powers conferred by the shares in any other companies held or owned by the Fund or exercisable by them as directors of any such other company, in such manner in all respects as they think fit (including the exercising thereof in favour of any resolution appointing themselves or any of them as directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company).

7. The Manager

The Articles of Association of the Fund contain provisions to the following effect:

(a) The Directors may appoint a manager of the Fund's administrative affairs and may entrust to and confer upon the manager any of the functions, duties, powers and discretions exercisable by them as Directors in relation thereto (other than the power to make calls or forfeit shares) upon such terms and conditions as they think fit and either collaterally with or to the exclusion of their own powers;

(b) The terms of any agreement entered into by the Fund appointing a manager (other than the original agreement appointing the Manager entered into prior to the initial issue of Shares) and any variations made after the initial issue of Shares to any such agreement then in force (including such original agreement), shall be subject to approval by a resolution of a separate general meeting of holders of Shares and passed by an absolute majority of the votes given, provided that no such approval shall be required if:

  (i) the terms of any new agreement entered into for the appointment of new managers do not in the opinion of the Directors differ materially from those in force with the former managers on termination of their appointment; or

  (ii) the Manager, the Fund and the Custodian each certify that any variation is required only to enable the affairs of the Fund to be more conveniently or economically managed or otherwise to the benefit of the holders of the Shares and does not prejudice the interests of such holders or any of them and does not alter the fundamental provisions or objects of the Management Agreement or operate to release the Manager from any responsibility to the Fund.

8. The Custodian

The Articles of Association of the Fund contain provisions:

(a) to the effect that the Directors shall appoint a custodian to hold the assets of the Fund (with the power to delegate such function to a sub-custodian approved of by the Directors) and to perform such duties as the Directors may (with the agreement of the custodian) determine;

(b) regarding agreements between the Fund and its custodian in similar terms to those regarding agreements with the manager described above in paragraph 7.

9. Indemnities

The Articles of Association of the Fund contain provisions indemnifying and exempting the Directors, Manager and other officers and servants of the Fund from liability in the discharge of their duties, other than that resulting from their wilful acts or defaults.

10. Borrowing

Under the Articles of Association of the Fund, the Directors may exercise the powers of the Fund to borrow and charge its assets, but (unless authorised by the shareholders in general meeting) they shall restrict such borrowings so as to secure (so far as they can do by such restrictions) that the borrowings of the Fund and of its subsidiaries (if any) shall not at any time exceed 25 per cent. of the amount by which the value of the assets of the Fund exceeds the value of its liabilities as determined in accordance with its Articles of Association. The Directors do not intend to use these powers regularly or other than on a short term basis.

11. Preliminary Expenses

The Fund's formation and preliminary expenses (including the cost of listing the Participating Shares on The Stock Exchange and printing, legal and accountancy fees) are estimated to amount to the equivalent of US$250,000. These will be borne by the Fund, funded by a loan from EBC repayable with interest at a rate of LIBOR plus ¾ per cent. over a period of fifteen years.

12. Material Contracts

The following contracts have been entered into since the incorporation of the Fund and prior to the date of this Prospectus which are or may be material:

(a) Management Agreement dated 1st December, 1983 between the Fund and the Manager whereby the Fund appointed the Manager, subject to the overall supervision of the Directors, to manage the Fund's business, investments and administrative affairs, to act as the Fund's Secretary and Registrar and to promote the subscription of its Shares. The Agreement exempts and indemnifies the Manager against liability not due to its fraud, wilful default or negligence. The Agreement may be terminated, inter alia, by either party on six months' written notice.

(b) Custodianship Agreement dated 1st December, 1983 between the Fund and the Custodian, whereby the Custodian was appointed as custodian of the Fund's assets. The Agreement exempts and indemnifies the Custodian against liability not due to its fraud, wilful default or negligence. The Agreement may be terminated, inter alia, by either party on six months' written notice.

(c) Investment Advisory Agreement dated 1st December, 1983 between the Manager and EBC whereby EBC was appointed to provide the Manager with investment advice. The Agreement exempts and indemnifies EBC against liability not due to its fraud, wilful default or negligence. The Agreement may be terminated, inter alia, by either party on six months' written notice.

(d) Sub-Custodianship Agreement dated 1st December, 1983 between the Fund, the Custodian and the Sub-Custodian, whereby the Custodian delegated its functions to the Sub-Custodian. The Agreement exempts and indemnifies the Sub-Custodian against liabilities not due to its fraud, wilful default or negligence. The Agreement may be terminated, inter alia, by the Custodian or the Sub-Custodian on six months' written notice.

(e) Deposit Agreement dated 1st December, 1983 between the Fund, the Manager and the Depositary whereby the Depositary undertook to act as depositary for the Fund, to hold or have Shares held to its order and to issue CDRs in respect thereof. The Agreement indemnifies the Depositary against liability not due to its fraud or negligence. The Agreement may be terminated forthwith upon the giving of written notice.

(f) Nominee Agreement dated 1st December, 1983 between the Depositary, the Nominee, the Fund and the Manager whereby the Nominee was appointed as custodian of the Shares represented by CDRs.

13. Report of the Auditors of the Fund

La Motte Chambers,
St. Helier, Jersey,
Channel Islands.
1st December, 1983

The Directors,
The European Banking Traded Currency Fund Limited,
EBC House,
1-3 Seale Street, St. Helier,
Jersey, Channel Islands.

Dear Sirs,

Your Company was registered under the laws of Jersey on 1st December, 1983.

As at the date of this letter, it has not traded and no accounts have been prepared and no dividend paid.

Yours faithfully, Coopers & Lybrand.

14. Miscellaneous

(a) Save as disclosed herein in reference to fees and commissions or elsewhere in this Appendix:

  (i) no share or loan capital of the Fund have been, or are agreed to be, issued as fully paid up for cash or otherwise than in cash;

  (ii) no commissions, discounts, brokerages or other special terms have been granted by the Fund in connection with the issue or sale of any capital of the Fund;

  (iii) no shares or loan capital of the Fund are under option or agreed conditionally or unconditionally to be put under option;

  (iv) there is no property purchased or acquired by the Fund or proposed to be purchased or acquired which is to be paid for wholly or partly out of the proceeds of this issue or the purchase or acquisition of which has not been completed at the date of issue of this Prospectus;

  (v) no amount or benefit has been paid or given (or is intended to be paid or given) to any promoter;

  (vi) no Director of the Fund has any interest, direct or indirect, in any assets which have been acquired or disposed of by, or leased to the Fund, or are proposed to be acquired, disposed of or leased to the Fund, nor is there any contract or arrangement subsisting at the date of this Prospectus in which a Director is materially interested and which is significant in relation to the business of the Fund;

  (vii) none of the Directors of the Fund has an interest in the share capital of the Fund which would be required to be shown in the register maintained under the provisions of the Companies Act, 1967 (as amended) of Great Britain if the Fund were subject to the provisions of that Act; and

  (viii) no other person has an interest in any substantial part of the share capital of the Fund.

(b) The provisions of Sections 50 and 51 of the Companies Act, 1948 (other than penal provisions) so far as applicable having regard to Section 419 of that Act, shall apply to the sale of Shares in pursuance of this Prospectus.

(c) Coopers & Lybrand have given and have not withdrawn their written consent to the issue of this Prospectus with their report included in the form and context in which it is included. Copies of the consent and of the material contracts listed in paragraph 12 above have been delivered for registration to the Registrar of Companies in England and Wales.

(d) The Fund has appointed European Banking Company S.A. Brussels as its bankers on the latter's normal banking terms for customers (as regards bank charges, interest and other matters).

(e) The Fund has neither established a place of business in Great Britain nor carried on any business prior to the date of this Prospectus. The Fund has no subsidiaries.

(f) The minimum amount which in the opinion of the Directors, is required to be raised to provide for the matters referred to in paragraph 4 of Schedule 4 to the Companies Act, 1948 of Great Britain is US$500,000 (the whole of which must be raised by this issue) and is made up as follows:

(i)	purchase price of property	nil
(ii)	commissions	US$10,000
(iii)	repayment of monies borrowed for payment of preliminary expenses	US$250,000
(iv)	working capital	US$240,000

If such sum is raised, the Directors are of the opinion that sufficient working capital will be available to the Fund.

(g) The Fund is not engaged in any litigation or claim of material importance and the Directors are not aware of any litigation or claims of material importance pending or threatened against the Fund.

(h) S. M. Yassukovich and R. C. Kahrmann are directors of EBC and of the Sub-Custodian which will receive the fees described above. P. R. Jeanty, O. K. Finsterwalder and B. Lorain are non-executive directors of EBC and of the Sub-Custodian. R. C. Kahrmann is also a Director of the Manager which will receive the fees and commissions described above. F. C. Carr is a partner in Capel-Cure Myers which will receive a fee for its services as stockbrokers to the Fund.

15. Documents available for Inspection

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) until 3rd January, 1984 at the registered office of the Fund and at the offices of Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA:

(a) the Memorandum and Articles of Association of the Fund;

(b) the material contracts mentioned in paragraph 12 above;

(c) the above-mentioned report and consent of Coopers & Lybrand; and

(d) the Companies (Jersey) Laws 1861-1968.

Procedure for Application

Form of Application

Applications may be made either by telex or on the Application Form. Investors are strongly advised to apply by telex wherever possible to avoid delay in the allotment of their Shares.

Applications by telex should be in the following form:

"To The European Banking Traded Currency Fund Limited, (Telex Number: 4192089)

1. I/We apply to invest in [Capital Shares] [Income Shares] of The European Banking Traded Currency Fund Limited (the "Shares"), subject to its Memorandum and Articles of Association and to the Prospectus dated 5th December, 1983.
2. [I/We request that the Shares be registered in the name of [state name and address] and that the certificate be sent to [state name and address].] OR [I/We request that I/we be issued with Continental Depositary Receipts in respect of the Shares, such documents to be sent at my/our risk to me/us at [state address].]
3. For this purpose, I/we have instructed [state name and address of your bank] to remit US$ to European American Banking Corporation account "The European Banking Traded Currency Fund Limited" on [state date].
4. I/We hereby declare that the Shares are not being acquired directly or indirectly by a US person (as defined in the Prospectus), nor in violation of any applicable law, nor by a person under twenty years of age.
5. I/We hereby declare that I am not/we are not resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961."

Method of Payment (including non-Dollar subscriptions)

The minimum subscription is US $1,000. As mentioned above, no Shares will be issued to an applicant until payment is received. Investors are therefore recommended to arrange for a telex transfer of the amount to be invested to the account of the Fund at European American Banking Corporation, which is a U.S. bank owned by the same group of banks (other than Banca Commerciale Italiana S.p.A.) as owns EBC and the Sub-Custodian. If a telex transfer cannot be arranged, payment should be made by means of a mail transfer, a banker's draft or personal cheque in favour of The European Banking Traded Currency Fund Limited.

Payments should generally be made in US Dollars. Subscribers wishing to make payment in any other currency should contact the Manager for details of the current procedure. If payment is received in any other currency, the Manager may arrange for the conversion of such sum into US Dollars, but will only be treated as being in receipt of cleared funds once the conversion has taken place. Any such conversion will be effected at the risk and for the account of the applicant.

Time of Applications

Applications for the initial offer for subscription should be despatched so as to reach the Manager not later than 12 noon (Jersey time) on 16th January, 1984.

All application moneys will be returned to applicants (without interest) not later than 29th January, 1984 if the amount raised by the initial offer for subscription is less than US$500,000.

Notes

1. The Fund reserves the right to reject any application in whole or in part, in which event the application moneys or any balance will be returned in the post at the risk of the applicant.
2. Where registration of Shares is requested in the name of a bank or other nominee company, the application should be made by the nominee company concerned.
3. Where registration is requested in joint names all applicants should sign the Application Form or be named as signatories of the telex containing the application.
4. For the purposes of this Prospectus, a "US person" includes a national or resident of the United States of America, a partnership or corporation organised or existing in the United States of America or any estate or trust, other than an estate or trust the income of which from sources outside the United States of America (which is not effectively connected with the conduct of a trade or business within the United States of America) is not included in gross income for the purpose of computing United States federal income tax. For the purpose of this definition, "United States of America" includes the United States of America, its territories and possessions and areas subject to its jurisdiction.
   If any applicant is unable to make the declaration concerning the interests of US persons in any Shares, he may still in certain circumstances by able to subscribe for Shares, but he should contact the Manager for details first.
5. Any applicant unable to make the Jersey taxation declaration should delete it, in which case tax will be deducted from any payment of dividends at the standard rate of Jersey Income Tax for the time being in force.

THE EUROPEAN BANKING TRADED CURRENCY FUND LIMITED

APPLICATION FORM

1. I/We apply to invest in EITHER **Capital Shares** OR **Income Shares** (please delete as appropriate) of The European Banking Traded Currency Fund Limited (the "Shares") subject to its Memorandum and Articles of Association and to the Prospectus dated 5th December, 1983.
2. I/We request that the Shares be registered in my/our names and that the Share Certificate in respect thereof be sent at my/our risk to the address of the first named applicant. (If the Share Certificate is to be sent elsewhere, the Manager should be advised in writing of the alternative details).
   OR (delete as appropriate)
   I/We request that I/we be issued with Continental Depositary Receipts in respect of the Shares, such documents to be sent at my/our own risk to
   name(s): ....
   address: ....
   ....
3. For this purpose
   I/We enclose a remittance for US$________ payable to "The European Banking Traded Currency Fund".
   OR (delete as appropriate)
   I/We have instructed my/our bank   to remit US$________to European American Banking Corporation account "The European Banking Traded Currency Fund Limited" on ________ (Note: the minimum subscription is US$1,000.)
4. I/We hereby declare that the Shares are not being acquired directly or indirectly by a US person (as defined in the Prospectus), nor in violation of any applicable law, nor by a person of under twenty years of age (See Note 4).
5. I/We hereby declare that I am not/we are not resident in Jersey for the purposes of the Income Tax (Jersey) Law 1961 (See Note 5).

Signed signature: ....
name: ....
address: ....
....
signature: ....
name: ....
address: ....
....
signature: ....
name: ....
address: ....
....

NOTE: A corporation must execute this form under its Common Seal or under the hand of a duly authorised officer whose capacity must be stated.

When completed this form should be sent to: EBC Trust Company (Jersey) Limited, EBC House, 1-3 Seale Street, St. Helier, Jersey, Channel Islands.

F.T.1

International Appointments

صندوق النقد العربي

يعلن صندوق النقد العربي – ومقره أبوظبي ،الامارات العربية المتحدة – عن رغبته في تعيين موظفين لشغل الوظائف التالية :

م	مسمى الوظيفة	المؤهلات والخبرة
1	باحث أقــدم	دكتوراه في الاقتصاد مع خبرة لاتقل عن 5 سنوات في مجال الدراسات المتعلقة بالأوضاع النقدية الدولية والاقليمية وموازين المدفوعات في الدول العربية ودول العالم الرئيسية أو ماجستير مع خبرة لاتقل عن 7 سنوات . اجادة اللغتين العربية والانجليزية .
2	باحث مساعــد	ماجستير أو بكالوريوس في الاقتصاد مع دراسة الاحصاء التطبيقي وخبرة لاتقل عن سنتين في الدراسات والأبحاث الاقتصادية . اجادة اللغتين العربية والانجليزية .
3	اقتصادي أقــدم	دكتوراه في العلوم الاقتصادية مع التخصص في النقود والبنوك أو في العلاقات الاقتصادية الدولية أو الاقتصاد التطبيقي وخبرة لاتقل عن 10 سنوات ، ويفضل من له خبرة سابقة في مؤسسات مماثلة للصندوق، أوالمؤسسات النقدية أو المصرفية الدولية . اجادة اللغتين العربية والانجليزية .
4	إقتصــادي	دكتوراه في العلوم الاقتصادية مع تخصص في الاقتصاد الرياضي أو القياسي أو التنمية الاقتصادية والتخطيط الاقتصادي وخبرة لاتقل عن 6 سنوات في هذه المجالات . اجادة اللغتين العربية والانجليزية .
5	اقتصادي مساعــد	ماجستير في الاقتصاد مع تخصص في الاقتصاد العام ، أو المالية أو التجارة الخارجية ، وخبرة في هذا المجال لاتقل عن 3 سنوات . اجادة اللغتين العربية والانجليزية .
6	محلل نظـــم	خبرة في مجال النظم والبرمجة ومعرفة لغة COBOL ، يفضل من عمل على أجهزة WANG- VS ومن له المام بالتطبيقات المالية وادارة بنوك المعلومات DATA BASE . اجادة اللغتين العربية والانجليزية .

* الراتـــب : يحدد حسب المؤهلات والخبرة .
* مزايا أخرى : سكن ، أثاث ، بطاقات سفر الى بلد الجنسية ، تأمين طبي وتأمين على الحياة .

تقدم الطلبات خلال أسبوعين من تاريخ نشر هذا الاعلان ، باسم " رئيس الدائرة الادارية" ص.ب : 2818 أبوظبي – الامارات العربية المتحدة .

Senior Accounting Roles

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Please write – in confidence – with full personal and career details to M. J. Lebbell, quoting the appropriate reference.

Accounting Section Supervisor

Prime responsibilities include planning, supervising and controlling the general accounting section and for the preparation of financial and management reports in dual currencies using computerised general and subsidiary ledger information. Candidates should be qualified accountants with proven supervisory skills and knowledge of computerised systems and dual currency accounting. Experience of the oil industry or manufacturing would be an advantage. Salary around £30,000 tax free. Ref. B.1174/28.

Shipping and Yields Accountant

The need is for an accountant with knowledge in refinery economics and oil movements. Responsibilities will centre on the analysis and evaluation of computer generated inventory and related data for production, storage, and shipping purposes and the reconciliation between them. He will also prepare the overall refinery input and production report in weight and volume. Candidates must have proven production accounting experience gained in refinery or petrochemical plant environment. *Qualified Accountant or graduate preferred.* Salary around £26,000 tax free. Ref. B.1174/12.

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APPOINTMENTS WANTED

EX-BANK MANAGER

Age 47, 11 years banking in West Africa, last 8 years banking in Arabian Gulf. Comprehensive experience with international banks including: loans, overdrafts, credit and marketing, operations management, inspection, internal audit, accounts to balance sheet level, local staff training, etc. Seeks management position overseas, preferably Middle East.

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10 Cannon Street, EC4P 4BY

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An excellent opportunity for PrivateBankers with international interests.

The Chase Manhattan Bank's PrivateBanking International Business Component has an immediate need for two marketing officers to represent and service a select group of international clients. We seek one candidate fluent in English and Spanish and/or Portuguese for our Latin America Team as well as one candidate fluent in English and French for our Middle East/ Africa Team.

You will be responsible for providing a full range of financial services to high net worth international clients as well as planning and implementing marketing strategies. Applicants should have at least 1-3 years of PrivateBanking experience and possess a college degree.

We offer an excellent salary as well as a comprehensive benefits plan. Interested candidates are invited to submit their resume and salary history to: **Dept. RLC, Executive Recruitment, Chase Manhattan Bank, 1 Chase Manhattan Plaza, 27th Floor, New York, NY 10081.** We are an equal opportunity employer, F/M/H.

CHASE

Head of Internal Audit

Married Status

circa £22,000 Tax Free

Our client is a major state owned oil production company located in one of the more pleasant parts of the Gulf where expatriates can combine challenging work opportunities with a family lifestyle and first class benefits.

They now require a qualified accountant for the position of Head of Internal Audit. This senior position involves exposure to all facets of the business and to many complex control issues.

Applicants should preferably be aged 35-46 with at least 10 years post qualifications experience, at least 5 of which should be at a senior level within an audit group. Previous Oil/Petrochemical Industry experience would be an advantage.

In addition to a first class tax free salary, our client will be offering an excellent benefits package including free furnished accommodation, 60 days UK leave per annum, subsidised boarding school fees, free medical cover and outstanding recreational facilities.

Please write or telephone today for an application form, quoting Ref. L2203 to: Don McIntosh,
Lansdowne International Limited, Lansdowne House,
36 Great Smith Street, Westminster, London SW1P 3BU.

01-222 3264
(24 hours)

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SENIOR DEALER MONEY MARKET

Leading Gulf bank requires a Senior Dealer, Money Market, for their head office. The successful applicant will need several years' experience in an active dealing environment. The candidate will manage the bank's sizeable Eurocurrency portfolio and participate actively in financial instruments including futures. An in-depth ability to interpret financial trends will be essential.

Salary negotiable — very attractive compensation and benefit package.

Candidates should apply, with their curriculum vitae, to:

Box A8399, Financial Times
10 Cannon Street, London EC4P 4BY

PLANT MANAGER

COTTON YARNS
SOUTH AMERICA

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The ideal candidate must:
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In particular, the position requires:
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Indicating on the envelope the reference number SP641.

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APPOINTMENTS WANTED

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BUSINESS LAW

An arbitrator's $1bn dream

BY A. H. HERMANN, Legal Correspondent

THE DUTCH Government has found it necessary to rush through parliament a special Bill defining the applicability of Dutch law to the awards of the Iran/U.S. Claims Tribunal sitting in the Hague. This will be another blow to the small and diminishing minority who still believe that it should be possible to have arbitration completely independent of the domestic laws of any country. It might be nice to have such a new *lex mercatoria* if only one could be sure that the awards made under it in the process of a "floating" arbitration could always be enforced.

The Iran/U.S. Claims Tribunal came as close to this ideal as possible. It was created by a declaration of the Algerian Government expressing an agreement between Iran and the U.S. to terminate all litigation between the government of each party and the nationals of the other. The declaration provides for the tribunal's rules of procedure (which are modified UNCITRAL rules), and, most important of all, for a revolving fund of $1bn to be held by the Dutch central bank or its agent, with instructions to pay out any sums awarded by the tribunal.

The availability of this money for the satisfaction of awards disposed effectively of any worry about enforcement, and the way seemed to be clear towards a truly international "floating" arbitration connected with the mundane reality of municipal law only by the umbilical cord linking it to the money in the Dutch bank.

★

The tribunal, consisting of three Iranian, three American and three neutral members, sitting either as a full bench or as chambers of three, has now been active for over two years. It has made over 50 awards which, in addition to settling particular claims, represent a valuable contribution to the development of arbitration law and of the international law of contract. Although the availability of the funds in the Dutch bank has made it unnecessary so far, the Algiers Declarations provide that the awards should be enforceable against either of the two governments in the courts of any nation in accordance with its laws. The tribunal decides on the basis of law of its own choosing, taking into account usage and changed circumstances when interpreting contracts.

Part of the tribunal's jurisdiction is truly international as it decides disputes between Iran and the U.S. about the return of the assets of the family of the former Shah, as well as other disputes which the two countries refer to it; this business of the tribunal is and will remain outside Dutch law. The major part of its activities, however, concerns the adjudication of civil claims by U.S. companies against Iran, and of Iranian counter-claims. Does this arbitration fall under Dutch arbitration law? It is not even certain whether the proceedings before the tribunal are arbitration in the ordinary meaning of the word, which presumes the existence of an arbitral agreement. The Hague proceedings, however, are based on an agreement between two governments.

These problems were foreseen right from the beginning, and it was hoped to resolve them by a tripartite agreement of Iran, the Netherlands and the U.S. However, the three parties have so far not agreed on an instrument which would define the nature of the proceedings and of the awards, and there seems to be little hope that they will reach agreement in the near future.

In view of the satisfactory functioning of the tribunal and of the attached bank account, it was possible to leave things as they were. The Iranian arbitrators developed a practice of not signing awards against Iran or recording a dissenting opinion. But this was no obstacle to obtaining funds, so everyone was reasonably happy.

Peace was disturbed only recently when Iran suddenly turned to The Hague District Court, challenging an award of the tribunal under Article 649 of the Dutch Civil Procedure, alleging that the award was made in the absence of an Iranian arbitrator.

★

This forced the Dutch Government's hand. The *ad hoc* legislation* which it launched will provide that the awards of the Iran/U.S. tribunal are, indeed, arbitral awards within the meaning of Dutch law. This will remove any doubt that they may be enforced, not only in the Netherlands but also in all other countries adhering to the 1958 New York Convention on the recognition and enforcement of foreign arbitral awards.

When hearing civil law disputes, the tribunal will be subject to the Dutch law on arbitration, but its jurisdiction may not be challenged. The tribunal will remain free to determine its own rules of procedure, and to decide which law is applicable to the individual disputes. Although the basic requirements of the Dutch law must be respected by the tribunal, both in its procedure and in its awards, the Bill provides, however, that these awards may be challenged as null and void only if the limits of the Dutch legal system have been "manifestly" exceeded; in other words, only in exceptional cases when the breach is evident or the award is clearly contrary to public order or morals.

The tribunal will be exempted from all the other requirements of Dutch arbitration law except that its awards have to be registered with the Hague District Court—a practice which it already observes. The new legislation will be retroactive and will leave it open to the tribunal to re-admit any claims which were dealt with by awards voided by Dutch courts.

★

The Dutch solution seems to answer the need for the maximum autonomy of arbitration that can be reconciled with safeguarding basic rules of natural justice (in the English meaning of the term) and the possibility of enforcement. While arbitration cannot be completely independent of national law, that does not mean it must be linked to one national law only. It can be based on the agreement of several states that they will respect and enforce awards made by a defined process of international arbitration.

Thus, the 1965 Convention on the settlement of investment disputes between states and nationals of other states, promoted by the International Bank for Reconstruction and Development, created an international centre for the settlement of investment disputes. Its awards are not subject to review by national courts, although they are enforceable in each state adhering to the convention.

Take the best of the two solutions and you will have an arbitrator's dream: a system without supervision but universally enforceable and with $1bn in the bank for meeting the awards. Who knows: it may even come true one day!

**Documentation was kindly provided by Mr P. V. F. Bos of Nolst Trenité Houthäll Star Busmann, Brussels.*

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UK COMPANY NEWS

Pilkington jumps by £14m to £30.4m in first half

MUCH lower UK losses and a higher contribution from the overseas companies have boosted pre-tax profits of Pilkington Brothers, glass manufacturing and processing group, from £16m to £30.4m for the half year ended October 1 1983, and are close to the £35m at the interim stage three years ago.

Turnover for the six months expanded by £122.9m to £578.2m and the interim dividend is maintained at 5p net per £1 share—last year's final was 5.5p and pre-tax profits totalled £49.9m.

Losses from the UK companies were reduced from £12.7m to £3.9m while overseas companies' profits advanced to £42.6m, against £31.6m. UK redundancy costs were £7.2m (£6.6m) and overseas £0.4m (£0.3m).

Pre-tax figure included licensing income and technical fees of £11.2m (£15.8m) and associate's share of profits, £4.6m (£0.8m), but was after higher interest charges of £16.5m, compared with £12.6m.

Trading continues to improve with the UK operations moving towards profitability and the overseas operations maintaining their satisfactory performance, directors state.

Utilisation of the main UK manufacturing plants has improved, but there is no indication of any abatement in price competition either in this country or from imports, and productivity improvements are making the major contribution to improving margins.

Operations which have improved their performance include the newly formed Pilkington Glass, Electro-Optical, Opthalmic and Reinforcements/CemFIL. Confidence continues to grow that CemFIL will become the major substitute for asbestos in products for the building industry, directors state.

With increasingly competitive costs and in spite of continuing pressure on price levels, the steady improvement should continue in the UK.

Overseas companies are performing well with the exception of Germany, Denmark and Nigeria, while Fibreglass Insulation is still experiencing unstable market conditions.

The acquisition of CIS Holdings is consistent with the group's intention of becoming more closely involved with the value added downstream sector of the market, directors point out.

Overseas, nearly all subsidiaries are continuing to perform well, with notable results from South Africa, Sweden and Argentina but problems continue to be experienced in Germany. Australia is showing encouraging signs of an improvement both in Pilkington ACI and in the Sola group of opthalmic companies, directors say.

The merger of the South African flat and safety glass interests of the group with those of Plate Glass and Shatterprufe Industries in March, increased sales to outside customers by £52.9m and the pre-tax profits figure by £8.4m.

Directors add that a 30 per cent holding in Libbey-Owens-Ford Company, for the half year ended June 30 1983, benefited pre-tax profits by £4.6m.

Group tax charge was £25.6m, compared with £19.6m, minority interests took £6.2m (£3m), and there was an extraordinary debit of £0.4m (£0.5m) being works closures. The attributable loss was £1.8m, against £7.1m last time or 0.8p (3.9p) per share.

● The result of a ballot among Pilkington's manual workers on whether they are prepared to strike over the company's intention to de-centralise main elements in pay and conditions negotiating will be known this afternoon.

The company wants to decentralise wage negotiations to plant level from the beginning of next year partly because it says this will make wage bargaining more responsive to individual site performance and improve site identification among employees.

Though the company has offered some concessions in negotiations, including the continuation centralised bargaining for some issues for a limited issue, some elements of the scheme have not been accepted by union negotiators.

There were indications last night that workers at two plants have voted in favour of taking strike action if necessary, but those at two others voted against.

See Lex

Hanson soars £31m and outlook 'better than for some time'

BOOSTED BY sharply higher returns from its industrial services division in the UK and Europe pre-tax profits of Hanson Trust soared by £30.7m to £91.1m over the 12 months ended September 30 1983.

In his report accompanying the results Lord Hanson, the chairman, says the group accepts the challenge of 1984 "with enthusiasm."

He points out that the outlook is better than for some time and that the group's major markets in both the UK and the U.S. are in an economic upturn.

Shareholders who are to receive an effective 1p rise in their annual dividend to 5p net, are told that with the strength of the group's balance sheet and cash resources exceeding £400m Hanson is in an excellent position to move forward.

Sales for the year moved ahead from £1.15bn and £1.48bn. A breakdown of pre-tax profits by division shows: industrial services—UK and Europe £61.2m (£34.3m) and the rest of the world, principally the U.S., £37.4m (£35.4m); and food products and services £16.2m (£11.7m). Parent company expenses and interest less property and other income accounted for £23.7m (£21m).

Earnings emerged at 16.9p (12.7p) per 25p share undiluted and at 14.4p (11.4p) diluted pre-extraordinary items. Along with the increased dividend a scrip issue on a one-for-two basis is also proposed.

Tax rose to £27.5m (£18.1m), minorities to £0.8m (£0.2m) and extraordinary items added £0.7m (took £0.7m).

For its first five months Allders division (previously UDS) made profits of £6.7m on sales of £153.6m—well ahead of the same period last year.

Last April the directors forecast that group pre-tax profits would not be less than £75m excluding any contribution from UDS. Dividends of at least 4.8p were predicted.

British Ever Ready profit totalled £20.5m on sales of £166.8m. This compares with £14.2m and £165m respectively for nine months.

Butterley had a record year, buoyed by a strong market for facing bricks. Profits rose to £7.8m (£5.9m).

An enlarged Lindustries boosted profits from £4.7m to £14.3m on sales of £101m (£45.6m).

BOARD MEETINGS

TODAY

Interims: Alpine Soft Drinks, British and American Film, British Building and Engineering Appliances, British Tar Products, N. Brown Investments, Frederick Cooper, Crosby Woodfield, Edbro, Great Universal Stores, Lennons, London and Midland Industrials, Mitchell Somers, Middle Witwatersrand (Western Areas), Alexander Russell, Wellman, Zandpan Gold Mining.

Finals: BOC, Bass, Fairline Boats, First Union General Investment Trust, Inn Leisure, Metamec Jentique, Romai Tea, Saatchi and Saatchi, Sidlaw, Spey-hawk, Stenhouse, Williamson Tea.

FUTURE DATES

Interims—	
British Land	Dec 20
Deelkraal Gold Mining	Dec 13
Doornfontein Gold Mining	Dec 13
Driefontein Consolidated	Dec 13
Energy Finance and Gen. Trust	Dec 21
Firth (G. M.)	Dec 13
Hazlewood Foods	Dec 12
Jacksons Bourne End	Dec 14
Kloof Gold Mining	Dec 13
Libanon Gold Mining	Dec 13
Moorgate Investment Trust	Dec 14
Peterson Jenks	Dec 15
Phoenix Timber	Dec 15
Plysu	Dec 15
R.F.D.	Dec 13
Tex Abrasives	Dec 15
Thermal Scientific	Dec 14
Triplex Foundries	Dec 13
Venterspost Gold Mining	Dec 13
Western Motor	Dec 14
Finals—	
Lloyds and Scottish	Dec 21
North Midland Construction	Dec 14
Whessoe	Dec 19
Whitecroft	Dec 12

Delanair, following a deal with Smiths Industries, is now the only major UK maker of car heaters, and air conditioners. Crabtree's prospects were improved with the opening of a new factory for electrical accessory manufacture. This former Ever Ready subsidiary made a profit of £6.4m.

Hanson Engineering profits rose to £2m (£0.9m), the figures reflecting a first full year's contribution for certain former UGI businesses and successful completion of a number of important contracts.

Endicott Johnson (footwear) had a good year with profit of £18.1m (£16.2m).

The Ames Company increased its profit to £7.6m (£6.4m) and Seacoast (fishmeal and edible oils) turned the previous year's £2.1m loss into a £1.2m profit. The long awaited price upturn in feedstuffs and edible oils is taking place as a result of improved economic and agricultural conditions.

See Lex

Granada Group down £3.6m but payment increased

TAXABLE PROFITS of television and video rental concern Granada Group were down from £47.06m to £43.46m for the year ended October 1 1983 and was after much higher depreciation and interest payable.

Profits at halfway were 12 per cent lower at £21.02m (£23.88m) and directors said that the outcome for the full period was likely to show a similar pattern.

Turnover for the 12 months moved ahead by £64.32m to £521.1m and with a final payment of 3.7p (3.36p) net the total dividend is increased to 5.8p, compared with 5.28p last time.

Trading surplus was £127.72m, against £111.76m and the pre-tax figure was after £74.74m (£58.25m) depreciation and £8.35m (£5.28m) interest payable. Profits were also after £1.18m (same) employee share scheme.

Before the employee scheme allocation trading profits amounted to £44.64m (£48.23m) and were split as to: television and video rental—UK £24.71m (£27.4m), and overseas £5.72m (£2.83m); television £6.72m (£8.94m); bingo social clubs and cinemas £6.06m (£4.69m); motorway services £2.59m (£1.35m); properties £1.9m (£2.35m); insurance and assurances £2.01m loss (£354,000 profits); book publishing nil (£779,000); other activities £1.06m loss (£439,000).

Group tax charge was £22.23m (£25.53m), minorities took £414,000 (£204,000) and there was an extraordinary credit of £849,000 (nil) being the surplus on the sale of Granada Publishing to William Collins

Earnings per 25p share were little changed at 12.5p, compared with 12.9p.

Pre-tax profits of Barranquilla Investments, 67.75 per cent-owned subsidiary, fell from £1.25m to £598,000 for the year ended September 30 1983 on turnover of £2.52m (£2.4m).

An internal valuation of this company's properties, based on open market values, showed a total of £67.3m, compared with a net book amount of £71.15m.

Directors have accepted the valuation but have not incorporated it into the accounts since it is expected that when two recently refurbished properties are fully let there will be a consequential increase in value. They say that there will be an independent valuation at September 30 1984.

● comment

Granada is poised to benefit from its heavy investment in video rental equipment and appears to be containing the feared loss of TV subscribers, with the growing popularity of teletexed sets. Overseas trading profits have doubled, boosted by U.S. profits coming through to the bottom line now that capital expenditure is tailing off. Television profits have been knocked by the Channel 4 subscription—but advertising revenue is up. Increased consumer spending is helping bingo, cinemas and the motorway services. The £4.5m loss in the insurance business is the gloomiest element in the figures, but Granada expects an improvement in the current year. The market added 18p to the shares closing at 164p yesterday, where they sell on a p/e of almost 13 below the sector average.

Continued progress by Pegler

THE RUN of profits growth at Pegler-Hattersley has continued with an increase in the taxable surplus from £7.29m to £7.87m during the six months to October 1 1983. Shareholders will receive an interim dividend 25 per cent higher at 5p net.

At the trading level profits expanded from £3.68m to £4.21m on turnover up at £73.83m against £70.21m. Associated companies profits rose to £2.84m compared with £2.55m. but interest received, less payable, declined by £239,000 to £0.82m.

The company is engaged in the manufacture of domestic plumbing and heating fittings, industrial valves and general products. In the year to April 2 1983 it achieved profits before tax of £17.62m (£16.17m) on turnover of £149.16m (£120.17m), and paid a final dividend of 7.85p (6.75p).

Sir Peter Matthews, chairman, says the improvement in first-half profits arose mainly from the UK manufacturing operations. Demand for building products has been variable in a strongly competitive market but sales were higher, particularly in export markets.

Heating and construction sectors increased, and earnings were better than last year, he says. Also, the industrial division achieved better profits.

However, earnings in distribution suffered from reduced margins and, in particular, from the continued low demand from the oil and petrochemical industry in the U.S. and Canada.

Elsewhere, earnings in Australasia were below 1982 levels.

Tax for the opening period absorbed £3.72m (£3.18m) leaving a net surplus little changed at £4.15m against £4.11m, equal to earnings per share of 13.6p (13.4p).

● comment

Pegler-Hattersley chugs along generating more cash to add to the £13m plus it had at the year end. Its domestic plumbing and heating fittings have benefited from an improvement in the building sector—though increased volume has been tempered by narrower margins. The distribution division is the poorest performer, especially in the U.S. and Canada, where a decline in demand from the oil industry has pushed the companies into losses. Associates have recovered well, especially in South Africa where low cost housing projects have bucked the recessionary trend. On course for pre-tax profits of £19m for the year, the shares up 3p at 257p sell on 7.7 years' earnings.

SCA Services

SCA Services Incorporated of Boston, Massachussetts, which has a turnover of U.S.$330m, has applied for its shares to be quoted on the London Stock Exchange. The company, which is one of the largest U.S. chemical waste treatment companies, has a listing on the New York Stock Exchange.

The London listing is being arranged by Credit-Suisse First Boston as merchant bankers, and Greenwell as brokers.

Safeway to boost stores programme as profits expand

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

Safeway Food Stores, the UK supermarket subsidary of the U.S. food retailer, announced record pre-tax profits up by 41 per cent to £24.1m, ended October 1 1983.

At the same time, Safeway, which earlier this year narrowly failed to take over the Key Markets chain, announced a speeding up of its new stores programme. A further 40 are to be built over the next three years, creating an estimated 6,000 new jobs.

Safeway's sales in the past financial year rose by almost 19 per cent from £502m to £597m.

The increase in profits was due to greater productivity, says Mr Terry Spratt, the company's managing director: "In addition, we have tightened up our distribution costs both in our warehouses and transportation and this, coupled with more effective stock control, has brought about large cost savings."

Over the past year, Safeway has opened eight new stores and increased the company's total selling area to 1.4m sq ft from 104 stores. Some 1,600 new jobs were created by the store expansion.

Safeway had planned last spring to accelerate its expansion in the UK, where it has operated for the past 21 years, by the acquisition of Key Markets from the Fitch Lovell group. However, the Key Markets chain eventually was sold to Linfood.

Consequently, Safeway decided to shorten its store expansion programme from five to three years and will have almost 150 stores by late 1986. This will establish it as a major rival to both the Sainsbury and Tesco supermarket chains. Sainsbury has some 250 stores at present, while Tesco has over 450 stores.

Mr Spratt warns that Safeway will continue to be highly price-competitive in the present tough trading conditions facing food retailers. "Our heavy investment in new stores and improved product mix, coupled with even greater cost savings through increased productivity, will allow us to continue the steady growth rate we have shown over the last 10 years," he states.

● With the opening of the company's food market in Balham on December 6, the Presto division of Argyll Food Stores completed its 19th opening of the year, and brought its total number of stores to 147.

In one year Presto has added 382,800 sq ft to its selling area — an increase of 19 per cent, taking the total selling space to almost 2.5m sq ft.

In addition to Balham, Presto, which now accounts for over 50 per cent of Argyll Foods retail turnover, opened food markets in Dumbarton, Hartlepool, Stourbridge, Portsmouth, Camberley, Bexleyheath, Stanley and South Shields.

Six units were also acquired from BAT Stores and four units from the Dee Corporation.

Synterials coming to unlisted market

By Dominic Lawson

Synterials, a company which has developed its own technology for the production and development of synthetic materials, plans to come to the USM in the biggest fund raising exercise ever undertaken on the three-year-old junior market.

Brokers James Capel are to offer for subscription 20m shares at £1 each. The company as a whole will be capitalised at about £24m. It was incorporated on November 11 1983 to acquire the Dutch company, Technovation BV, with the issue of 4,408,684 shares, worth £4.41m.

As Technovation, the company has developed its own technology for the production of plastic parts using materials called thermoset resins which are filled with various reinforcing or cost saving ingredients. When filled with more than 50 per cent by volume they become "synterials."

Technovation claims to have established that there is commercial demand, potentially substantial, for its synterials. The order book as at October 31 was £878,000. According to the company, discussions with existing customers have indicated that up to £10m in further production orders could be placed in the year 1983-84.

Technovation has not yet made profits, and no dividend or profit forecast will be made.

Avon surges to £2.3m and trebles dividend

WITH SECOND half profits at £1.59m, Avon Rubber has turned in a £2.32m surplus for the year ended October 1, 1983, compared with a loss of £1.04m. And a final dividend of 2p trebles the net total to 3p.

The directors expect all parts of the group to remain profitable in the current year. Although the cyclical nature of the business usually means a bigger profit in the second half, the group is looking forward to an improved trading position.

All sectors returned to profits in 1982-83 with notable increases from industrial polymers, inflatables and tyre related businesses.

The reorganisation is virtually complete and the exposure to tyre manufacturing has been reduced substantially. Turnover rose from £151.16m to £171.83m, and only 20 per cent was concerned with tyre production.

Trading profit went up to £5.3m (£2.31m) while interest charges showed some reduction at £2.98m (£3.35m). After tax £423,000 (£215,000), and minorities £23,000 (£56,000 credits) and last year £4.8m closure and redundancy costs, the attributable balance was £1.87m (loss £6m), equal to 27.8p (18.5p loss) per share.

● comment

Avon's recovery looks convincing enough for the directors to be seriously pondering ways of clipping a one-to-one borrowing ratio with the help of their shareholders. But still they push any suggestion of a rights issue into a later, rather than sooner, time frame. Of course a cash injection is by no means as urgent as it looked a couple of years back. Even with the burden of funding £20m or so of borrowings a further recovery to around £3m pre-tax this year must be a working hypothesis. The tyre manufacturing division has been slimmed to the extent that it is profitable, though it is admittedly helped by the presence of an in-house retailer, Motorway, which takes a quarter of output. Tyres overall, manufacturing and retailing, now only account for some 25 per cent of group profits with strong growth from industrial polymers for a wide variety of customers and Lippiatt Hobbs (busy lining sewers and water pipes) making the running. With a 4p rise to 137p the shares are within a whisker of the year's high for a p/e on actual earnings of under 5 and yield of 3 per cent.

Wolverhampton & Dudley rises by 10.3%

TAXABLE PROFITS of the Wolverhampton & Dudley Breweries advanced by 10.3 per cent from £11.34m to £12.51m in the year to September 30 1983 on turnover 7.9 per cent ahead at £86.42m, compared with £80.11m. Second-half profits rose from £6.53m to £6.98m.

Earnings per 25p share are given as edging ahead from 20.3p to 20.8p and the year's dividend is being raised by 0.8p to 6.85p net with a final of 4.55p (4.25p).

Mr E. J. Thompson, chairman and managing director, reports that 1984 will be important, as investment in new trading areas increases to a level which will begin to bear significantly on the group's results. He is optimistic that this will enable it to continue the "steady progress" of past years, but will lay the foundations for prolonged growth in years ahead.

He regretted the unsuccessful bid for Davanports Brewery last spring, but says it resolved a situation which was beginning to inhibit the group's expansion plans.

Tax took £5.8m (£4.79m) leaving net profits of £6.71m (£6.55m) and after extraordinary credits of £600,000 (£691,000) the attributable profits came to £7.31m (£7.24m). Dividends absorb £2.21m (£1.95m).

● comment

The margin improvement reported for the first half by Wolverhampton & Dudley in support of its abortive bid for Davenports has completely evaporated in the closing six months. That was enough to cause a few cynical comments yesterday but the company is quick to point out that the interim had the advantage of comparing with a very difficult period while a couple of months of summer sunshine in the second half may be good news for most brewers but not so Wolverhampton. Its customers flock out of the Black Country to the coast. Be that as it may, a profits advance of under 7 per cent in the second half left the shares 6p down at 248p — a new low for the year. The company is a pure brewer with 700 pubs in the West Midlands. Having failed to get Davenports it is moving into Birmingham under its own steam. Yet no matter how able the group is at managing its pubs, and it does have a good reputation, a target of 12 new outlets a year means some unexciting profits growth in prospect. A p/e of 11.7 on the actual tax charge would seem to require a bit more than that.

Matthew Hall looking for £12.5m at year end

AS EXPECTED, profits at Matthew Hall, engineering designer and contractor, advanced further in the first nine months of 1983. At the taxable level the surplus increased to £9.68m, against £8.43m.

This was despite the continuance of difficult trading conditions referred to last year. The directors state that present indications are that the full year's outcome should amount to some £12.5m, compared with £11.64m.

The mechanical and electrical sector produced an increased share of group trading profit, lifting its contribution from £2.1m to £3.88m. Although margins are constantly under pressure, the directors point out that high volumes of work in most areas have been beneficial to the trading results as have the higher than usual incidence of contract completions.

The interim distribution is being increased to 1.275p against 1.195p—last year's final payment was 4.944p (4.03p).

The taxable surplus for the nine months, included higher net interest receivable of £3.38m, compared with £3.19m. The tax charge was higher at £5.71m, against £3.53m due to lower capital allowances, the expiry of credits for ACT previously written off in the UK and unrelieved overseas losses. This resulted in a reduction in profit attributable to shareholders to £3.97m, against £4.9m, equal to earnings per 25p share of 11.58p (14.34p).

Minorities were the same at £1,000 and dividends will absorb £436,000 (£408,000).

● comment

Matthew Hall's £12.5m forecast for the full year implies a slackening in the rate of growth during the final quarter and the shares slipped 6p to 222p. A 20 point jump in the tax charge due to unrelieved overseas losses and the expiry of ACT credits left attributable profits down 19 per cent. Engineering, which accounts for half of turnover, made losses in the U.S. and south-east Asia as volumes slumped. The group can cut costs no further in those areas without throwing business away, so it feels it can only sit tight and wait for an upturn. Meanwhile, a more buoyant Australian economy provided the main boost to profits in the mechanical and electrical division, where contract completions were up 30 per cent. In its search for a more favourable tax environment the group may well choose to extend that sector across the Atlantic. Meanwhile, the shares stand on an actual tax prospective multiple of just under 15 and the yield is around 4.3 per cent.

Brunning falls to £0.25m

The Brunning Group, which has interests in advertising and public relations, suffered a fall in first half taxable profits from £416,000 to £252,000.

This was due, says the chairman, Mr. G. B. Brunning, to investment in new people and new premises. However, the directors are confident that the benefits which will accrue from this investment programme will produce a reasonable profit level at the year end and show full benefit next year.

Shareholders will receive an unchanged interim distribution of 1.93p net per 25p share. Earnings per share are given as 4p against 6.5p.

Turnover for the six months to September 30 1983 was a little higher at £23.14m against £22.97m, from which an operating profit of £264,000, compared with £441,000, was made. Interest payable was £12,000 (£25,000). Tax takes £131,000 (£216,000).

For the year to the end of last March taxable profits totalled £624,000

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AB Engineering ......int	0.36†	Jan 21	0.33	—	0.65
Avon Rubber	2	Feb 14	Nil	3	1
Baggeridge Brick	3.75	Feb 15	3.13	5.25	4.38
Braithwaite ......int	4	—	4	—	9.1
Brunning Group ......int	1.93	Jan 11	1.93	—	4.73
City Site‡	0.29	—	0.25	0.58	0.5
Crystalate	1.99	Jan 4	1.54	3.26	2.42
Deritend ......int	2.2	Feb 21	2.2	—	5
J. A. Devenish	8	—	7.25	10.25	9.5
David Dixon ......int	2.22	Feb 17	2.22	—	2.22
Granada Group	3.7	April 2	3.36	5.8	5.28
Greycoat City ......int	0.6	Jan 23	0.5	—	1.15
Matthew Hall ......int	1.28	Jan 18	1.2	—	6.14
Hanson Trust	3	Feb 3	2.33*	5	4*
Hardanger Props	7	—	7	9.8	9.8
James Latham ......int	4.25	Feb 14	3.35	—	10
Pegler-Hattersley ......int	5	Feb 2	4	—	11.55
Pilkington ......int	5	—	5	—	10.5
Property & Rev ......int	1	Jan 6	1	—	3.5
Sogomana ......int	5	Jan 18	3	—	20§
Wolverhampton Brews...	4.55	Jan 20	4.25	6.85	6.05

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Including 10p special.

Moray Firth Maltings to join the USM

Moray Firth Maltings, makers of malt for the whisky and brewing industries, is coming to the USM via a placing of 448,825 shares—7 per cent of the ordinary—at 195p per share. Dealings are to start on December 15.

Pre-tax profit for the year to end-December 1983 is forecast at £1.9m, against £1.696m last year, putting the shares on a prospective multiple of 14.8 fully taxed, 7.5 actual tax. On a forecast dividend of 10p gross, the yield is 5.1 per cent.

No cash is being raised by the placing, which in effect represents the sale of one institution's stake to a number of others, thereby satisfying the Stock Exchange's requirements for the breadth of holding of a quoted company (institutional holdings total 38 per cent of the equity).

Moray will be the only malting company on the market, and with 50 per cent of its sales going to the Scotch whisky industry, is represented as being highly geared to any upturn in the whisky stock cycle.

Almost all of the remainder of sales goes to the brewing industry, both at home and abroad, and a new joint venture is to be set up in Australia to supply the brewing market in South East Asia.

Phoenix £3.6m higher after slow-down in third quarter

THE ESTIMATED results of Phoenix Assurance for the nine months ended September 30, 1983 show pre-tax profits £3.6m ahead at £20.6m, compared with the same period in 1982.

After six months profits were 64 per cent higher at £14.3m.

Despite difficult trading conditions world-wide, in sterling terms general premium income over the nine months increased by 8 per cent to £381.2m while investment income rose from £50.6m to £56m, an increase of 11 per cent.

In the British Isles the underwriting loss on fire and accident business at £16.7m showed little change over the comparable period.

The benefits to the property classes resulting from the mild winter were offset by an increasing incidence of private motor claims — rating revisions are being made.

There are signs of improvement in property classes following rating increases and other remedial measures in the household account.

Overall, there was a general underwriting loss of £39.2m, compared with £37.8m.

The operating ratio in the U.S. showed a deterioration to 115.1 (111.4), and a loss of £12.4m was incurred (£9m). In Europe the underwriting loss was higher than at the corresponding stage of 1982.

By contrast, Canada contributed a profit of £0.7m (loss £2.2m), and operations in other overseas territories were also profitable.

New long-term business worldwide continued at a satisfactory level up to the end of September. Sums assured totalled £3.03bn (£2.56bn), annuities per annum £11.3m (£15.1m), annual premiums £24.2m (£20.2m) and single premiums £37.5m (£28.6m).

Of the U.S. underwriting loss, some £1m was due to Hurricane Alicia.

In Canada, the joint management arrangement with Continental Insurance is planned to take effect on January 1 next. The better results from Canada and the general overseas area have been well maintained and both are in profit for nine months.

Group pre-tax profits included a £1.4m (£1.6m) share from its associates.

Tax rose by £0.9m to £7.2m and minorities accounted for £2.6m, against £2.1m previously.

Net profits emerged £2.2m higher at £10.8m, equal to earnings per 25p share of 17.7p, compared with 14.1p.

● comment

Phoenix's share price has been hitting new highs recently as the Eagle Star battle intensified speculation about its own future. Yesterday's results, which showed that profits growth has abated since the six months stage, left the price 2p down at 333p, where the yield is 6.6 per cent. Insurance markets in the UK and U.S. have been too competitive for fierce cost cutting and rates increases to show measurable gains. The UK property account jumped by around £4.5m, reflecting the benefits of a withdrawal from inner city business, but that was wiped out by a deterioration in motors, where rates have been softer and claims more frequent. Continental looks as if it is still struggling to refine its book and cut expenses, but after the year decline, nobody expects an instant reversal. Most of the improvement came from Canadian underwriting, which should provide the chief thrust behind a 60 per cent increase to £28m pre-tax for the year.

Crystalate on target—growth prospects very strong

THE ELECTRONIC components and equipment group Crystalate Holdings made a profit of £3.21m in the year ended September 30 1983. This compares with £3.15m estimated and with £2.39m achieved in 1981-82. The final dividend is the promised 1.995p, for a net total up from 2.42p to 3.255p.

Mr John Leworthy, chairman, says the continued progress was the result of a mix of increased sales of both established products and a stream of new ones. All subsidiaries made a satisfactory contribution.

He says Crystalate could be emerging as a "new force" in electronic components, serving the telecommunications and defence industries. "There are no other companies able to offer the same product range," he tells shareholders. Order books are showing the same kind of growth as a year ago, which "sustained the hope" of a substantial profit improvement in the current year.

Recently the company acquired Royal Worcester, and Mr Leworthy says he is still keeping his options open as to the future of the fine china side of the business. He expects to decide early in the New Year on whether to sell that or keep it—he has received a "considerable number" of approaches from home and abroad.

In the meantime, the chairman says he will be streamling the Welwyn Electronics business and Crystalates' own electronic activities.

Turnover for 1982-83 came to £23.9m (£20.78m). After tax £1.56m (£1.15m) the net profit was £1.65m (£1.24m) with earnings at 10.94p (8.28p) basic and 9.47p (7.27p) fully diluted. Cost of the ordinary dividend was £493,000 (£361,000).

● comment

Crystalate's figures are rather overshadowed by the now-completed bid for Royal Worcester, and are indeed in line with the bid forecast. The improvement in profits is all due to the electronics side, with British Telecom supplier Besson making the running — finished equipment now makes up 15 per cent of Besson's sales, against almost nothing a year ago. As to what is to be done with Royal Worcester, the company professes itself as yet unsure. The Welwyn electronics business—which could give Crystalate a valuable introduction to defence contracts—will stay, but the betting is that all or some of the ceramics side will go. How much that will fetch is anybody's guess, especially when it comes to such things as Royal Worcester's museum of its own fine porcelain from the past 200 years. The shares, rose 8p to 186p on the results, but are unlikely to do much until Royal Worcester's fate is known — by February, at the earliest. Until then, analysts' projections of up to £5.5m pre-tax next year are for purely illustrative purposes.

UK REGIONAL REPORT: CUMBRIA

England's second largest county by size has unique tourist attractions in its lakes and fells, but it also contains large industrial concerns and areas where investment is needed to reduce the blight of unemployment

County of strange contrasts

FOUR NUCLEAR powered submarines under construction at Vickers' shipbuilding complex at Barrow in Cumbria underlines the contrasts, often unnoticed by visitors, within England's second largest county, by size.

Few would express surprise that a county with a dozen lakes and a third of its land above 600 feet, but with no more inhabitants than a city the size of Sheffield, attracts the highest tourist spend per head of local population in the UK.

BY NICK GARNETT, Northern Correspondent

They might be taken aback, however, by the fact that Cumbria has the largest site, employing more than 12,000, within the British Shipbuilders group, the only heavy rail track manufacturing operation in the UK, one of Europe's most modern bus-building plants (Leyland Vehicles' factory at Workington) and the sole British Gas terminal on the West coast of Britain. British Nuclear Fuels' Windscale works at Sellafield—the subject of recent health and safety scares—is one of the few nuclear fuel reprocessing plants in the world.

Industrial investment

Cumbria also has some of the biggest industrial investment schemes in the north of England and—less happily—localised centres of economic stress and unemployment which mirror the strains of industrial contraction in the big conurbations to the south and east of the county.

Stretching from Lancashire to the Scottish border and from the Irish Sea to the north-east counties of Durham and Northumberland the county can be divided into three areas, west to east, with their own striking characteristics.

● The western part of Cumbria, a narrow coastal strip wedged in by the Cumbrian mountains, and including the principal towns of Barrow, Whitehaven and Workington as well as Maryport and Silloth has its own distinctive character.

Much of its employment base is rooted in industry, from railway steel, coal and shipbuilding (now submarine construction), nuclear fuel processing, chemicals, and engineering.

This area includes the county's biggest unemployment blackspots, centred on Maryport and Workington, both of which have unemployment rates double Cumbria's average of nearly 12 per cent.

A considerable part of the north of this part of the county has development area assisted status. It is also the site of a new enterprise zone and of the Mobet Enterprise Trust, an agency set up by BSC (industry) and three local authorities in a steel closure area to assist new employment creation.

The vulnerability of this area to worldwide recession has been due largely to its dependence on very large industrial sites. As in the North East of England there has been little tradition of small businesses. Much of the county council's industrial promotion effort is directed, therefore, to this coastal strip and to correcting this weakness. Even in more prosperous Barrow, Vickers has become almost totally dependent on submarine building and its future is inextricably linked to the Government's commitment to the Trident programme for updating Britain's nuclear submarine capability.

● The central Lake District, with some of the country's most magnificent stretches of water and mountainous countryside accounts for the bulk of tourist spending and is characterised by a thriving small business ethos, much of it linked to tourism. Kendal, the principal market town in the south of the county has an unemployment rate of just 6 per cent, one of the lowest in the UK.

● East of the M6 motorway the county is very sparsely inhabited, contains the country's highest market town—Alston—and has been suffering from rural depopulation and economic pressures on hill farming.

Farming itself—mainly sheep, and particularly important in the Eden Valley, Solway Coast and the upland areas—is an important feature in the economy right across the county. It provides employment for 16,500 and the West Cumberland Farmers' co-operative based at Wetheral claims to be the largest in the UK.

Historic regional divisions

Cumbria is also subject to some north-south divisions, partly because of size but, also through historical allegiance. The Furness peninsula, which includes Barrow, was part of Lancashire until 1974, and in many ways believes it should still be part of that county. Road communications from this area with the coastal towns further north are difficult.

People in the south lakes tend to look southwards, perhaps travelling to Lancaster or Preston for their special shopping trips, and businessmen use Manchester airport for international flights.

In the north lakes area and up to Carlisle—the only city in the county and the headquarters of the county council—business is likely to look to Newcastle airport for air services. Cumbria is included in the northern rather than the north-western region of the CBI but it comes under Government departments run from Manchester, not from Newcastle and is included in statistics for the north west region. "You could say we are at the tag end of two regions on the Scottish border," says Mr Richard Townley, an assistant county planning officer.

There are strengths and weaknesses in its communications infrastructure. The M6 motorway runnig north-south is a vitally important road artery, and the A66 and A69 are important routes to the west and east coasts. North-south routes in the west of the county however, are restricted.

Main railway links are good. Carlisle and Oxenholme, near Kendal, are on the electrified west coast mainline between London and Glasgow and the county has four small ports—Barrow and Silloth, both owned by Associated British Ports, Workington, which has new coal handling facilities, and Whitehaven.

One of the biggest local fillips has been the renewal of regular services from Carlisle airport. Air Ecosse now operates daily scheduled runs to London and Dundee.

Among the large industrial investment schemes currently under way are a £230m covered submarine construction facility at Vickers, and the Morecambe Bay gasfield terminal at Rampside, near Barrow, linked to a new gas mixing plant at Lupton near Kirkby Lonsdale.

The BNFL Sellafield site currently employs 3,000 construction workers on a new storage and decanting building for Magnox reactor fuel and on the groundwork for a thermal-oxide reprocessing plant (for second generation reactor fuels) which it wants to build once it overcomes current planning objections.

Private sector operation

Other companies, including Albright and Wilson, the chemicals group (part of Tenneco), which claims to have the biggest private sector operation in Cumbria with almost 2,000 people on one site, papermaker Henry Cooke, part of the Bibby Group, and industrial laminates manufacturer, Micaply, are engaged in considerable capital expenditure.

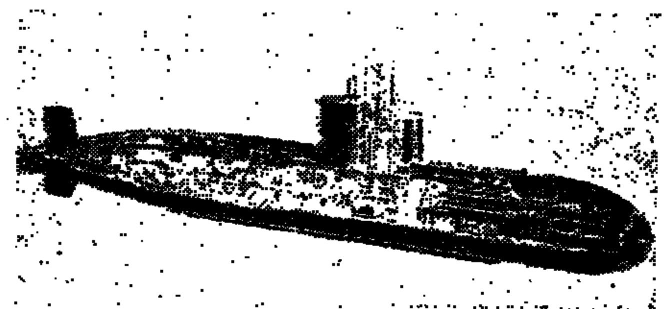
The tourist industry through which 3m visitors a year are estimated to inject £150m into the economy is also engaged in some large schemes, including the building of three time-share holiday flat developments. Cumbria does not possess many man-made tourist attractions—the Brockhole visitor centre and Wordsworth's Dove Cottage are probably the most popular—but its landscape boasts the Langdale Pikes, Wrynose and Hardknott passes, and settings as beautiful as Grasmere and the other lakes. One question still to be answered though concerns the impact on tourism in the west of the current unease surrounding safety at Windscale.

The large industrial cash injections have benefited the local economy bringing the unemployment rate below the national average. This is in sharp contrast with the mid-1970s when the rate exceeded that in the rest of the country.

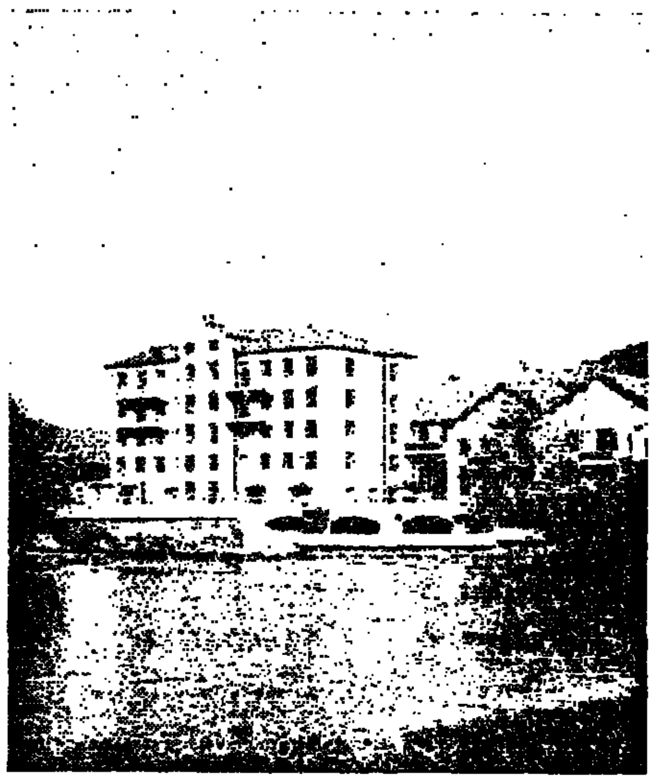
The nagging worry about the vulnerability of big-site manufacturing in the west and the narrowness of the potential travel to work area caused by the barrier of the Cumbrian mountains still persists however. Over the past three years jobs within British Steel Corporation (Cumbria) have fallen from 4,700 to 1,500, mainly affecting Workington.

An earlier example was Millom which lost its iron works 15 years ago. It has taken the town a long time to recover. Maryport lost 2,000 jobs in the three years to 1982. Four of the principal manufacturing companies in the area have closed plants—British Bata Shoe, British Industrial Plastics, GEC-Elliott Automation and Condura Fabrics, part of the Tootal group.

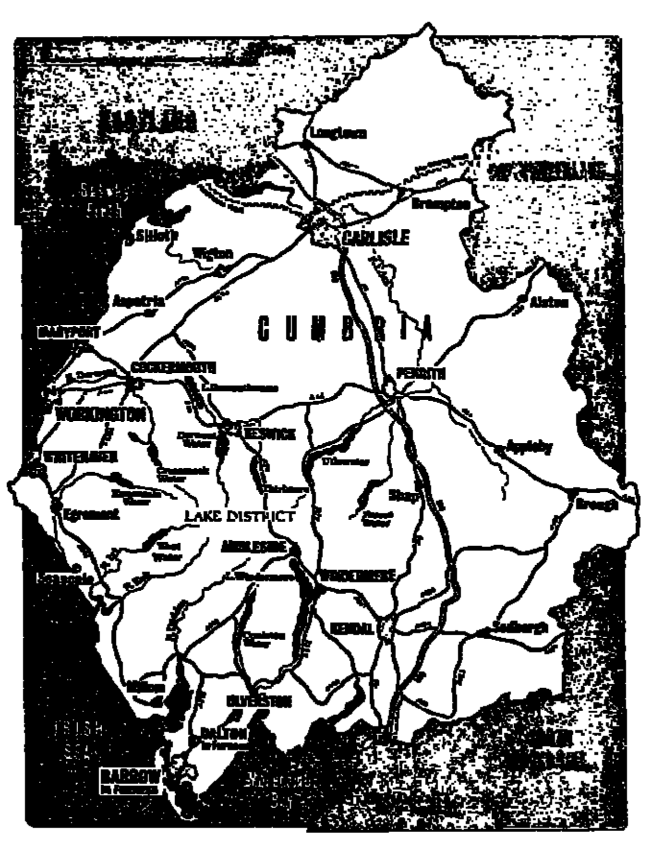
Nevertheless, the county has retained a number of manufacturing sites owned by groups which have been shutting factories elsewhere. In some cases there is evidence that Cumbria has benefited at the expense of other parts of the country where closures have gone ahead.



Britain's Defence Ministry has ordered a new generation of diesel electric submarines, the type 2400 from Vickers Shipbuilding and Engineering of Barrow. The type 2400 has great export potential



Above: a centuries-old former mill in South Lakeland being converted to a modern hotel as part of a £12m time sharing holiday development. In contrast, left: a solvent recovery plant at Glaxochem's Ulverston site



CUMBRIA II

FOCUS ON THE REGION'S INDUSTRIAL STRUCTURE

Strong presence of key sectors

A CLUSTER of clearly defined strands weave through Cumbria's industrial structure. It is very dependent on a number of very big sites, much larger than are found in some nominally more industrialised counties such as West Yorkshire. It has around seven of these employing more than 1,000 and double that number again employing more than 500.

Vickers Shipbuilding and Engineering—part of British Shipbuilders—with more than 12,000 workers at Barrow, and British Nuclear Fuels' (BNFL) Sellafield site with 6,000, excluding construction workers, have a dominant presence in industrial employment.

The western part of the county has had small business entrepreneurship partly stifled because of the influence of big sites, a characteristic that is common to Teesside and Tyneside. This contrasts with the entrepreneurial ethos of the central lakes' service sector.

The county has benefited to some extent from the closing down of plants elsewhere in the country by companies which have retained their sites in Cumbria.

Cumbria has a very small but lively high technology sector employing 2,000 in contrast to many of the older basic industries which were in decline during the inter-war years.

Aside from these features one important fact about Cumbrian industry is the presence of a number of key sectors including engineering, paper and packaging, food, clothing and footwear, chemicals and pharmaceuticals.

Mr Alan Caunce, the county's development officer, has been engaged in promoting the chemicals sector after an outside report confirmed the view that specialist chemicals could be a growth industry for Cumbria. A process industry park has been tentatively earmarked for Siddick though environmental safety aspects have generated a good deal of local concern and the issue could go to a public inquiry.

The county has some twenty manufacturing sites ultimately owned by a foreign parent company, more than *half of them* American.

● Much of Cumbria's older traditional extractive industries hase disappeared. The Haig pit, near Whitehaven, which extends out under the sea is the county's only deep coalmine, following bouts of closures in the industry over the past 15 years. Coal is still important, however, because of open-cast operations.

● Iron ore mining has virtually disappeared except for one mine at Beckermet. Gypsum is deep-mined in the Eden Valley, and slate quarrying—with a substantial exporting record—is carried out in the national park area and in the Furness peninsula.

● The water industry has consolidated a substantial presence in the county with a number of reservoirs. Thirlmere and Haweswater being the principal ones, serving Greater Manchester. A number of water supply problems to Barrow and areas further north have still to be sorted out.

● The British Steel Corporation *shut* its steel-making plant at Workington in 1981 and over the past three and a half years BSC Cumbria's workforce has shrunk from 4,700 to 1,500.

The latest blow was the recent announcement of the *closure of Barrow Steel which* made a range of products, including hot roll strappings and machete strips.

Nevertheless, BSC Cumbria has two very active businesses Track Products, Britain's sole heavy rail-maker since rail-making was halted at Cargofleet, Teeside, last year. It contributed £50m to BSC's turnover last year and has been mounting an export drive to compensate for declining UK demand.

The other business, Cumbria Engineering, refurbishes continuous casting equipment, builds plant for steel works and transportation flasks for irradiated nuclear fuel.

● In engineering and related industries, Vickers has a dominant presence. Employing 12,300 at Barrow—two-thirds in shipbuilding, one-third in engineering. It is the largest British Shipbuilders' subsidiary in terms of employment, turnover and profit. Last year's turnover was £205m, its pre-tax profit £16m and it has made a profit every year for the past 40 years.

There are a few danger signals on the horizon, however. It has been totally dependent on the military establishment for the past six years—its last non-military vessel was the Oriana—and this has been a source of strength during a *period of huge world shipping* overcapacity. It is wholly reliant at the moment, however, on submarines having no surface vessels on its order books and its future health is inextricably linked to Trident. Barrow returned a Conservative MP in this year's General Election for the first time in decades.

Vickers, which has built 12 nuclear powered Hunter killer submarines, and two of the four Polaris submarines, is now building four Trafalgar class nuclear-powered submarines.

The Government has also announced that it is getting a "first of class" order for a type 2400 diesel electric powered submarine and it will be building the big trident vessels.

Though it has no surface vessel orders, it does specialise in sophisticated warship-building, the last completed being the type 42 HMS "Manchester."

Its heavy, Precision Engineering operations where a third of activity is devoted to submarines is underloaded at the moment. Its Armament Section is developing with Ferranti and Marconi, the Seadragon weapons system—a rapid fire radar-directed Gattling gun for knocking out Exocets—but it faces stiff competition from other weapons systems.

The Leyland Bus Plant at Workington has benefited from the transfer of work from other sites within the company after a period when its vulnerability had become only too clearly exposed. Its recent success is attributed to modern computerised manufacturing methods and outstanding labour flexibility.

Now employing just over 500, a figure which has changed very little during its life, the plant at Workington was set up in 1971 to build a single deck bus with the National Bus Company holding a 50 per cent stake. Though sales were quite good, marketing expectations proved to be flawed and the weakness of a single product became apparent.

Over the past few years, however, production of the Titan double-deck bus has been transferred to Workington from Park Royal, in London, and the Olympian double-deck bus chassis from Bristol. Both the latter plants have been closed and Leyland has bought out *NBC's share in the Cumbrian* operation. The Royal Tiger coach which will also be partly transferred from C. H. Roe of Leeds.

The Titan is due to be phased out next year, but Workington is deeply immersed now in the British Rail Engineering—Leyland Railbus. This joint venture involves the use of a heavily modified National Bus body on a railwagon chassis to produce a commuter-type railcar. Workington is well on the way to completing delivery of 40 of these to British Rail

CONTINUED ON NEXT PAGE

A warship being fitted out at Vickers, Barrow in Furness

Industrial regeneration project

THE MOSS BAY Enterprise Trust now normally known as Mobet is the focal point for a regeneration effort in the economically depressed area of West Cumbria between Egremont and Maryport.

As a partnership between BSC (Industry), Cumbria County Council, Allerdale District Council and the Borough Council of Copeland it provides a promotion and advisory service, assistance on preparation of financial packages and the managing body for workshops in BSC's former steelworks at Workington.

It is also acting as a centralised advice service for those companies interested in moving into the enterprise zone recently designated for West Cumbria.

Mobet is in the final year of a three-year programme financed by £500,000-worth of buildings, manpower and liquid cash but its nine-person board is discussing how its work should be continued.

"The exercise has got to go on because we obviously need it," says Mr Charles Crane.

Planners say Mobet has done well for an area where small business entrepreneurship is not deeply rooted. Its effort has been strengthened by the arrival as manager of Mr Tony Winterbottom, a former investment advisor with Lazard.

Some 150 people are now in the workshops. A few companies have moved out into larger premises, including a manufacturer of dies for aluminium extrusion.

Mobet's influence has extended beyond the workshops and companies whose expansion has been assisted by Mobet include the two footwear makers New Balance and Leggett, and Astron, a small manufacturer of cleaning chemicals.

The enterprise trust has also been involved in financial restructuring for companies and has commissioned studies on the local economy.

Some planners argue that local authorities can only have minimal impact on rebuilding employment. Mr Crane says, however, that "in terms of numbers unemployed, we have a relatively small problem so it can be solved."

NICK GARNETT

Confidence increases in the region's industrial property market

Demand grows for small factory units

CONFIDENCE IN Cumbria's industrial property market is increasing, fuelled largely by quickening interest and activity in the small factory unit and workshop sectors.

Mr Peter Watson, regional estates manager for English Industrial Estates, traces the first signs back to late last year. Since then EIE, which has a portfolio in excess of 2m sq ft in the county, has seen a 400 per cent improvement in lettings over the same period last year.

By this October it decided there were sufficiently encouraging grounds to announce that its Cumbrian business was "booming," with more than 60 factories totalling 250,000 sq ft let or sold in 12 months, an optimistic note confirmed by Alan Caunce, the county's industrial promotion officer.

The view appears to be shared in varying degrees by a number of private developers and there are currently forecasts of new initiatives at the discussion or planning stage.

Several factors have contributed to the improvement — among them the designation of a multi-site enterprise zone, along the west coast on top of its existing development area and steel closure area status, a sub-contracting and support services spin-off from the £1bn investment by British Gas in Morecambe Bay, generating benefits for south Cumbria. Other factories include a major expansion by British Nuclear Fuels at Sellafield further north, today's general armoury of start-up incentives, and not least by signs of an upturn from the recession.

The better tone is not limited to the county's assisted areas. At Kendal a small development of nearly 30,000 sq ft by South Lakeland Council in association with Eric Wright Developments has met an active demand and encouraging take-up for nursery units ranging from 800 to 2,400 sq ft at rentals in the £2-£2.50 sq ft band.

Beezon trading estate is close to the town centre and there is talk of a further scheme.

Further evidence of the underlying demand for modern nursery accommodation comes from Carlisle, where the Denton Holme estate of Marcus Worthington and Carlisle City Council, again close to the central area, has met a good response for its smallest units of just below 600 sq ft at weekly rentals ranging from £26.92 to £28.84 exclusive of rates.

There has not yet been a matching level of interest in units of just under 2,500 sq ft, but the agents claim to be reasonably confident of achieving a fully let situation.

Cumbria is in a position to offer a wide range of industrial sites and ready-built factories, from small advance units of which thet latest developments at Kendal and Carlisle are typical, up to larger purpose-built industrial premises on an established major estate such as Lillyhall, Workington, where EIE properties include two 10,000 sq ft units, currently in temporary use, at just over £1 sq ft.

It has recently let converted workshop units in the enterprise zone at £1.70 sq ft.

At both Barrow-in-Furness and Workington a choice of dockside sites is available for fabrication and engineering work associated with offshore technology, a field in which Barrow in particular, as an established shipbuilding centre, has diversified skills to offer.

Funds

Additonal funding was allocated by English Industrial Estates to its Cumbrian operation to enable the factory unit programme to be accelerated following the upsurge in demand, which had made inroads into its stock.

Most of the lettings have been on estates at Maryport, Workington and Cleator Moor, but increased activity has also been reported in more rural locations, including Longtown, Brough, Appleby and Wigton.

EIE's largest current commitment is an £800,000 development of 43,000 sq ft at Clay Flatts, Workington, with 17 units ranging from 500 to 5,000 sq ft due for completion next April.

On the Solway estate at Maryport, again inside the enterprise zone, 60,000 sq ft of old factory building is being demolished to be replaced by a new workshop scheme of 22,000 sq ft in unit sizes from 450 to 4,000 sq ft.

Meanwhile, a £500,000 development at Whitehaven was inagurated this November to provide 18 units from 450 to 3400 sq ft.

The largest commercial development in Cumbria at present is changing the shopping face of Carlisle's city centre, where work on the Lanes redevelopment finally got under way in April last year after a lengthy history of setbacks and disappointments.

The scheme, in which the city council is the developer with General Accident as funding partner, includes five stores and around 50 shops, together with parking for 500 cars.

C and A Modes and British Home Stores will be taking store sites, as will Fine Fare and Cumbrian Co-operative. The scheme is due for completion by Christmas 1984.

In the heart of Lakeland, Windermere's railway station site is to be redeveloped in a deal between British Rail and Preston-based supermarket company, E. H. Booth, which will see the present station converted into a large supermarket, with a modern, more compact station built nearby.

Tom Heaney

CUMBRIA III

£25m is being invested in new time-sharing ventures in "the most beautiful corner of England", as Tom Heaney reports

Big potential for tourism

IF EVERY Cumbrian could happily wake up on Christmas morning to find an equal share of the cash generated by the county's 1983 visitors at the foot of the bed, it would work out at £250 each. That would be getting on for 50 per cent more than the £175 awaiting the population of the West country, Cumbria's nearest rival in tourism earnings applying the same magical yardstick.

The seasonal analogy comes from the Cumbria Tourist Board whose director, John Wardle, uses it to argue that Cumbrians do well from tourism.

"Without it," he says, "unemployment would be at unprecedented levels throughout the county, not just the urban black spots left by declining manufacturing industry, or in the uneconomic upland farm country."

To the Cumbria Tourist Board, the county is "the most beautiful corner of England."

Driving along the wooded shores of Windermere or skirting Coniston Water early on a still, clear, traffic-free morning burnished by the rich tints of autumn is to recognise that the claim is arguably valid.

But it can be less tranquil in high summer and the county's tourism leaders share the view of Ron Sands, deputy director of the Lake District National Park Centre at Brockhole, that hidden riches beyond the park boundaries make up "the most unregarded corner of England."

The national park—Britain's largest—covers 880 sq miles and receives at least 12m visitors a year. It has one of the longest tourist seasons—pre-Easter to end-November—and draws 750,000 children a year on school trips, which suggests potential for the cultivation of future business. Its visitor socio-economic profile is wide-ranging but three-quarters, in the case of British visitors, originate from north of a line drawn across country through Birmingham.

Take away tourism and the livelihoods of an estimated 20,000 Cumbrians would be affected to some degree. But in real terms many attractions have had little to show in the way of growth in recent years and John Wardle is not alone in questioning whether opportunities are being missed.

"With only 2 per cent of the home tourism market," he says, "there must be room for expansion." Yet the Cumbrian tourism industry has shown itself adaptable to change—as, for example, in responding to growth trends in the self-catering market, the increasing potential for short-break holidays, and currently the interest in time-share ventures.

There has been little new building of consequence in recent times, not surprisingly perhaps in the setting of a national park in which the National Trust Forestry Commission and North West Water Authority are all large landowners.

Seen against this background, a sudden surge of interest in new projects representing a combined investment of £25m by three separate private developers takes on some significance. All three centre on time-sharing, all are inside the national park, and all reflect an up-market philosophy.

Boroughgate, Appleby-in-Westmorland

Langdale

The most environmentally sensitive is in Langdale. Here the Langdale Partnership, a group of landowners and businessmen with area affiliations, is half-way through a £12m development of Norwegian timber lodges clad in Lakeland stone, triple-glazed, finished to a high standard and sited among tall trees and streams and rocks in a 23-acre private estate.

At the centre stands a new hotel (recently given four-star rating) with a millstream flowing right through the middle of its restaurant, a leisure club with extensive facilities including a tropical pool more characteristic of the Caribbean than Lakeland, and a pub. Time-shares approaching £5m have so far been sold.

Even the developers concede it all adds up to "a very rare occurrence in an area where planning controls are rightly very strict."

Most of the initial local reservations appear to have been overcome, though the conservation body Friends of the Lake District has not been won over entirely. It considers the development "over-sophisticated" for its setting and feels it should have been identified more closely with the essentially outdoor activities of its rugged surroundings.

Mr Peter Roberts, executive partner, does not agree—"There's any amount of that kind of accommodation in the Lake District already," he says.

Close to the southern tip of England's longest lake, Windermere, the Douglas Group, through its R. M. Douglas Property Developments, and Kenning Motor Group are involved in a £12m time-share joint venture bestriding the fast-flowing River Leven.

It is a site of considerable potential with a history in total contrast to that of Langdale. Here a Lakeland village is being restored in keeping with long local tradition, including the conversion of existing buildings as well as construction of new units to provide a complex of 76 time-share cottages and apartments at the centre of which will be a modern hotel and leisure complex.

The Lakeland Village development, a mile or two west of Newby Bridge on the A590, is a particularly interesting one since a former village mill with origins dating back to 1564 stands restored to its native Lakeland stone to form the hotel centrepiece.

Internally, cottages, hotel and leisure complex, when completed, will again be very much a sophisticated product of the late 20th century promising a high standard of finish and offering a wide range of modern facilities and services.

Meanwhile, marketing has started for a new time-share development at Ambleside, which is different in several aspects to the others. It is in the town and therefore close to shops and other services, more compact with a planned 20 apartments. And, unlike the 80-year run of time-sharing contracts at Langdale and Lakeland Village, Ambleside's Lakelands development is geared to a 25-year cycle at the end of which it is intended to sell off the property and distribute the proceeds among individual time-sharers.

Behind the Lakelands venture is local builder Keith Rockcliffe, who puts the total capital investment represented by his development on completion at up to £2m.

A major plank of Cumbria's holiday industry will continue to be serviced accommodation. Recent investment has included £1.6m by Blackburn brewer Daniel Thwaites in the Crown Hotel at Weatheral, three miles east of Carlisle, adding 36 new bedrooms to make 53, with new restaurant, banqueting and conference facilities and squash courts.

It is trading well and its success could influence further development by the Lancashire brewery in Cumbria, where it owns a site at Penrith thought to have possibilities for a major new hotel offering conference facilities—an area of growth potential for Cumbria.

A disappointment to the Cumbria Tourist Board last year was the failure to finalise proposals for the site of the former Keswick railway station, which it rates "one of the few places within the National Park available for exciting and appropriate new projects."

Industrial sectors

CONTINUED FROM PREVIOUS PAGE

and Leyland is hopeful of export orders.

This engineering sector also includes a considerable number of other operations in Cumbria, including NEI Clarke Chapman cranes at Carlisle which makes lifting gear, pumps for power generation made by Gilbert Gilkes at Kendal, high-duty alloys extrusions, part of British Alcan and Kangol's seat-belt manufacturing operation in Carlisle.

BNFL's Sellafield site includes Calder Hall, the UK's first commercial-sized power station, opened in 1956, and the Windscale works, Britain's only spent-fuel reprocessing plant. This plant reprocesses only magnox fuel but work is in hand on a new plant scheduled to be ready in ten years' time for processing second generation fuel.

The recent disquiet over safety aspects surrounding the pumping of radioactive discharge into the sea has resulted in an investigation now under way by Sir Douglas Black, a former Government chief scientist, into evidence of cancer clusters in nearby villages.

A separate investigation has also been under way on the temporary contamination of a nearby beach.

Sellafield has a big impact on the local economy but its very long term future might be influenced by the relative costs of nuclear fuel reprocessing.

● The chemicals, pharmaceuticals and rubber sectors include a number of major operations. Albright and Wilson's Marchon site at Whitehaven is part of its detergents division and is its biggest manufacturing site. The company, part of the U.S. Tenneco group, employs 1,950 at Whitehaven, 300 down on its peak four years ago, manufacturing foaming products (known as surfactants), including power detergents, toiletries and liquid heavy-duty detergents.

Glaxo's Glaxochem manufactures bulk pharmaceutical compounds at Ulverston. Ectona Fibres, Rewo, which is part of the Shering group, Camille Simon, Pentagon and Sovereign are other companies in this sector. Pirelli manufactures steel and nylon radial tyres.

● Cumbria also has a significant paper and packaging sector. This includes Metal Box, British Sidac at Wigton, Thames Board at Workington and Bowater Scott and British Cellophane at Barrow. Specialist paper manufacturers include James Cropper at Burneside and Henry Cooke at Beetham.

● Clothing and footwear has had a presence in the county for a long time and Kendal, with K Shoes, has been one of Britain's principal shoe-making towns.

Growth

This sector suffered a very serious contraction in the 1960s but is now witnessing some indications of growth, partly focused on small companies such as Leggett and New Balance.

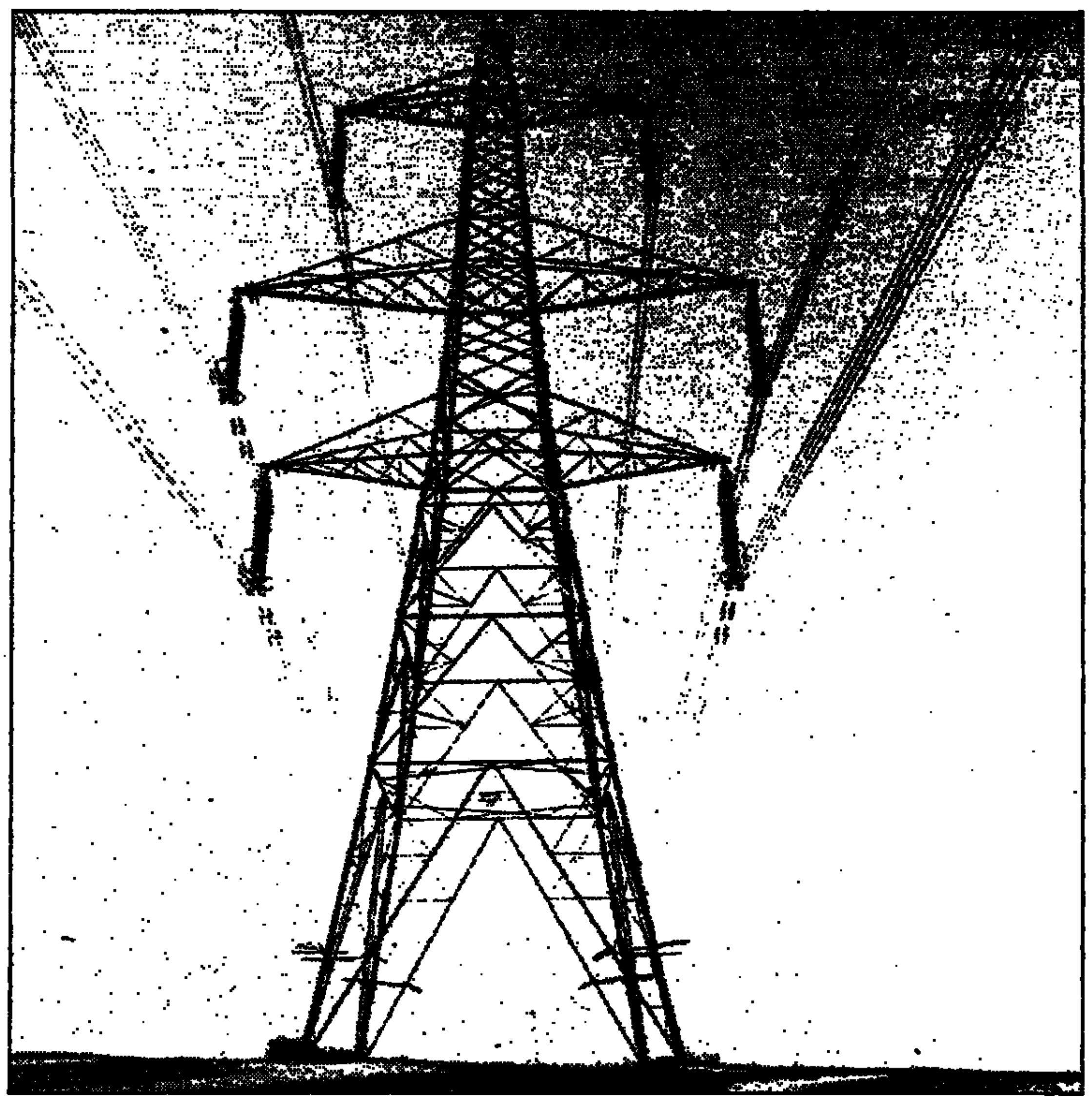
● United Biscuits, Nestle Carrs, and three Milk Marketing Board sites are elements of a small foods sector.

● The county is obviously keen to attract more companies in the electronics instrumentation and computer fields. It has about 20 of these, with a bias towards control equipment.

Electronic companies include Dale-ACI, manufacturing components, resistors and capacitors; Fisher and Porter, and Integrated Circuit Controls, making process control equipment; and Oxley Developments, which has contracts with the Ministry of Defence.

Micaply, now part of the Italian company MAS, is engaged in a £2m investment programme and will be making laminates for the printed circuit board industry.

Nick Garnett



FH 70 Field Howitzer

HMS Trafalgar

UK COMPANY NEWS BIDS AND DEALS

Queens Moat £15m debenture issue

By Dominic Lawson

The fast-growing **Queens Moat Houses** hotel group will announce today a reorganisation of its balance sheet, by way of a placing of a 30-year debenture issue of £15m.

This is a further sign of the slow reawakening of the UK corporate bond market. Only two days ago, Elf UK, the wholly-owned subsidiary of the state-owned French oil group Elf Aquitaine, placed £40m of unsecured loan stock dated 1991.

The managing director of Queens Moat, Mr Martin Marcus, said yesterday that "this is an attempt to get a larger portion of our borrowing on a fixed rate basis."

Mr Marcus pointed out that Queens Moat's net debt, counting convertible stock as borrowing, is equal to 90 per cent of shareholders' funds. But he added "our gearing doesn't feel so nigh when a proportion of it is fixed rate."

Mr Marcus said that he could "categorically deny" that Queens Moat would be engaging in any exercise in the near future to reduce its gearing ratio.

The debenture to be announced today will be secured on a number of Queens Moat's freehold properties. The coupon is to be 1.7 percentage points above the gross redemption yield of Treasury stocks dated 2004-2008. At current prices that indicates a coupon of a little over 12.1 per cent.

Although Queens Moat, which last month acquired a Hilton for £5.7m cash, has no immediate plans for reducing its gearing ratio, its properties will be revalued for the year-end. Yesterday Queens Moat's share price was 35p, unchanged.

Yearlings total £20m

Yearling bonds totalling £20.5m at 9¾ per cent have been issued this week by the following local authorities.

King's Lynn and West Norfolk (Borough Council of) £1m; Kirklees Metropolitan BC £0.75m; Nottingham (City of) £1m; South Kesteven District Council £0.25m; Wigan (Metropolitan Borough of) £1m; Tewkesbury BC £0.5m; Tonbridge and Malling DC £0.5m; South Bedfordshire DC £0.25m; South Oxfordshire County Council £0.25m; Swansea (City of) £1m; Dundee (City of) DC £1m; Glasgow (City of) DC £1m; Lambeth (London Borough of) £1m; Ealing (London Borough of) £1m; Hammersmith and Fulham (London Borough of) £2m; Lincoln (City of) £0.5m; Congleton BC £0.5m; Dwyfor DC £0.5m; Oldham Metropolitan BC £2m; Kingston-upon-Hull City Council £1m; Sheffield (City of) £2.5m; Tendring DC £0.5m; Vale Royal DC £0.25m; Woodspring DC £0.25m.

Ipswich BC has issued £0.5m of 10¼ per cent bonds at par for redemption on December 4 1985. Hammersmith and Fulham (London Borough of) has issued £0.5m of 10 per cent bonds at par for redemption on June 5 1985.

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Ecobric experiences sharp reversal in trading position

A sharp reversal in its trading position has been experienced by **Ecobric Holdings**, a USM stock, since the announcement of interim results in June.

An anticipated improvement in the second half to September 30, says Mr L. E. Jones, chairman, did not materialise and for the 13-month period to the end of October the unaudited results of the group show a loss of approximately £260,000.

Ecobric, which is engaged in the processing of cast iron borings and contracting in the demolition industry, reported first half profits of £103,000, compared with £116,000, and usually earns the major part of its profit in the second half, this was expected to continue.

But, unforeseen additional expenditure on a demolition contract, which was completed during the second half, was largely responsible for a loss being incurred.

Also, the activity on the Ecobric Foundry side continued at a depressed level and resulted in a trading loss. The directors have taken the opportunity in this period to write off development costs of the group's new security alarm system.

Kalamazoo

Shareholders of Kalamazoo were told at the AGM that the first quarter of the current year was well below expectations, and it was clear that the company would not be able to make good that shortfall, certainly in the first six months.

MINING NEWS

Mining industry 'poised for success'—Gousseland

BY KENNETH MARSTON, MINING EDITOR

A MONTH ago eyebrows were raised in mining industry circles at the news that—in the face of a continuing depression in demand for the steel industry metal molybdenum—the major U.S. producer, America's diversified Amax natural resource group, had decided to reopen its big Henderson molybdenum mine in Colorado.

But then, Mr Pierre Gousseland, the chairman of Amax, is a self-confessed optimist as befits a leading figure in the mining industry; the world would be greatly the poorer without such men because while mining does not give a high return on capital in the long term, it is vital for the survival of our society.

"I am really optimistic," said Mr Gousseland in a lecture to the Royal School of Mines, "mining and its products remain critical to the development of industrial society. Our materials are essential to growth and progress. The need for these materials will not disappear."

The industry is now emerging from one of its worst recessions on record. Quoting the speech of the usurper King Claudius in Hamlet, Gousseland said: "Our troubles come not as single spies. They come in battalions."

Other versions of this speech use the word "sorrows," in place of "troubles," but Gousseland, as a Belgian, feels that the words were written not by Shakespeare but by a French nobleman in the Court of Henry III. He is entitled to his views, of course.

But he might have added the following part of the soliloquy: "First her father slain; next your son gone; but he most violent also of his own just remove; the people muddied, thick and unwholesome in their thoughts and whispers. . . ."

Are people "thick and unwholesome in their thoughts and whispers"? They are certainly cautious about recovery prospects for the demand for base metals. Gousseland sees the mining industry "now coming out (of the recession) poised for new success." But he is also a realist.

His strategy for the future is composed of an austerity cost-cutting programme — already undertaken by Amax and other leading mining groups—diversification and risk-spreading participation in joint ventures, "it will be a long time before a single entity will be willing to invest $1bn in a mining project," and a flexibility in the approach to markets for mine products.

In other words, he feels that the world mining industry is now going to play it cool. The "super-mine" concept of the 1960s and 1970s, which led to the present over-capacity in production of many metals has been put aside. It may return, but much will depend on a rise in standards of living in the developing countries.

New gold property for Cullaton Lake

CANADA'S **Cullaton Lake Gold Mines** is now preparing to take its new Shear Lake gold mine to production. The property, which will be an adjunct to the company's main mine, will use the latter's ore milling facilities which are to be doubled at a cost of some C$2m (£1.1m).

Shear Lake is expected to produce a modest 400 tons of ore per day but its ore reserve potential was estimated in August at over 1m tonnes to a depth of 600 feet.

Subsequent underground exploration has confirmed this tonnage, it is stated, although the main Shear zone has not been reached. It is expected to be encountered in late-February or March.

Meanwhile, assays to date range up to 0.52 oz (16 grammes) gold per ton over 15 ft. Cullaton Lake Gold Mines owns a gold mine and mill in the Northwest Territories and 70 per cent of the Shear Lake joint venture plus 50 per cent of the Renabie gold mine in Northern Ontario.

Potential bidder approaches F. Miller

By David Dodwell

F. Miller (Textiles), the Glasgow-based supplier of children's and women's wear to Marks and Spencer, revealed yesterday that it is at an advanced stage of discussions with a potential bidder for the company.

It called for a temporary suspension in share dealings, pending an announcement which the company hopes can be made on Friday.

The company would not say where the approach was from, or the price at which it had been pitched. However, with a share suspension price of 41p—unchanged on the day—it is valued at about £11.8m.

F. Miller's pre-tax profits for the six months to August 13 1983 were £1.04m—virtually unchanged on the profit for the comparable period of 1982. Turnover during the same period rose from £4.05m to £4.17m.

Mr Frederick Miller, the company's chairman, said at that time that the disappointing performance was due to a "difficult" market for children's wear. As a result, the company's new factory was working at well under full capacity.

At present, Marks and Spencer is Miller's sole outlet, but Mr Miller revealed at the time of the interim announcement that the company would be seeking other chain store customers to improve capacity use. He had said earlier in the year that the company was also trying to dilute its dependence on children's clothing.

RIT lifts stake in Smith Bros.

RIT and Northern, the financial group headed by Mr Jacob Rothschild, yesterday emerged as a holder of 7.72 per cent of the shares in Smith Brothers, one of the leading stockjobbers on the stock market.

Shares of Smith Brothers rose 3p to 82p in yesterday's trading. It emerged yesterday that RIT and Northern had acquired 400,000 shares in Smith Brothers through its New York investment banking interests, L. F. Rothschild Unterberg Towbin. The stake—which represents around 3 per cent of Smith Brothers' equity—was bought for investment purposes.

RIT has a 50 per cent partnership interest in L. F. Rothschild, and the New York operation acts independently.

RIT itself has held 602,000 Smith shares for about two years and yesterday said that it had no plans to buy more stock.

RIT is precluded by the London Stock Exchange from buying more than 5 per cent of a member firm because it already has a 29.9 per cent stake in stockbroker, Kitcat and Aitken.

RIT said the group had informed the Stock Exchange of the holding, now in the hands of the New York investment bank, and explained that the action by its New York interests had been taken completely independently. "We are not acting in concert," the group stressed.

BCA extends U.S. coverage

THE **British Car Auction Group** has reached agreement to acquire Golden Gate Auto Auctions of Fremont, California, for US$2.5m (£1.72m).

The auction company operates on 21 acres of leased land, of which 11 acres is hard standing with some 48,000 square feet of buildings.

A new site close to the present location, extending to some 30 acres, is to be acquired as a separate transaction at the same time for an aggregate purchase price of $2.43m (£1.67m). It is intended to transfer the business of Golden Gate to this new location within the next 12 months.

The initial consideration for both transactions will be financed from BCA's own bank facilities.

Golden Gate handles manufacturers' sales on behalf of General Motors, Ford and Chrysler and in addition handles sales for many of the major car rental and leasing companies.

Operating profit, before taxation, attributable to the business being acquired for the 1982 year was $830,000 (£575,414). The net assets being acquired were $1.22m (£841,379).

The company is being purchased via BSA's U.S. subsidiary Anglo American Auto Auctions whose coverage will then extend into the important West Coast of America.

Trident TV safari park sale

Trident Television has sold its safari park and film interests to an outside bidder for £2.27m cash in preference to a £1.8m management buy-out previously proposed by Trident chairman Mr Gwyn Ward Thomas.

Southbrook & City Holdings, a privately-owned company with leisure and film interests, has bought the Windsor Safari Park, the Watts and Corry television scenery business and another company holding rights to some of Trident's television programmes and films.

Southbrook will acquire £1.8m worth of assets — making an estimated £571,000 of pre-tax profit in the year ended September 30 1983 — and take on corporation tax liabilities of £435,000. The management buy-out would have involved £2.3m worth of assets and not included the tax liabilities.

Southbrook is run by Mr Derek Dawson, a chartered accountant, and Mr Alan Joelson, a former director and joint managing director of the Pleasurama group.

It has film production and distribution interests and owns Isleworth Studios, which makes TV commercials. Mr Dawson and Mr Joelson also run a water theme park near Torremolinos, Spain, through another company.

Trident retains for five years the right to 50 per cent of any realised increase in the value of Windsor Safari Park attributable to a change in planning consent. Southbrook does not expect to make any change of use however.

Mr Thomas had expected to head the management team had the buy-out plan succeeded. He is due to step down as chairman of Trident on February 21 1984 but may stay on if the company is involved in bid talks with the Pleasurama group.

A Monopolies and Merger Commission report on the proposed bid is currently with the Secretary of State for Trade and Industry.

Mr Thomas said he had made no detailed plans thereafter but Mr David Hudd, managing director of Trident, said a non-executive directorship of Trident's casinos or a consultative arrangement were possible.

Mr Dawson said he and his partner were abroad when the buy-out deal was announced but they learned of it from a trade magazine and put in a late bid. Another company also put in a late, but unsuccessful, bid.

Maurice James buys Church (Fittings)

Maurice James Industries, the industrial services group, has reached an agreement to acquire **Church & Co (Fittings)**, a company which provides metal store-fitting systems to multiple retailers in the UK in a deal worth £900,000.

The consideration will be satisfied by the issue to the majority shareholder in Church, Valewalk, of 1.4m shares—about 6.2 per cent—together with around 730,000 shares which will be placed by the company's broker through the market to raise £240,000; and to the executives who hold shares in Church by the issue of 405,405 shares.

SHARE STAKES

Lyle Shipping—County Bank and/or its subsidiary and associate companies and/or certain pension funds and trusts under its management have acquired a total of 550,000 ordinary shares (5.49 per cent).

Bluemel Bros — Bulkeley Investment has purchased 300,000 ordinary 10p shares and now holds 333,000 ordinary 25p shares (14.64 per cent of class) and 1.299m ordinary 10p shares (19.04 per cent of its relative class).

Myson Group—London Trust has sold 1m shares reducing its holding to 2,293,014 shares (less than 5 per cent of issued ordinary). J. G. Salkeld, director, has acquired 50,000 ordinary shares at 47.06p and now holds 90,000 ordinary shares.

Espley-Tyas Property Group—R. A. Shuck, director, on behalf of Consult International purchased 250,000 ordinary shares.

Raine Industries — Imperial Group Pension Trust jointly with Imperial Group Pension Investments has from November 29 1983 an interest in 1.15m ordinary shares (4.755 per cent).

Group Investors—As a result of recent purchases, Equitable Life Assurance Society has increased ordinary holding to 497,500 (7.12 per cent).

John Williams of Cardiff — Wyndham Financial Services holds 400,000 shares; Wyndham Engineering owns 285,000 making total holding 685,000 ordinary (9.88 per cent).

Marshalls Universal — ESAL (Commodities) has increased holding in ordinary shares by 200,000, bringing holding to 1,605,250.

George Spencer—CHS Investment Co and its associates now hold 900,000 ordinary (14.73 per cent).

Bulmer and Lumb — Sir William Bulmer's settlement has sold 150,000 ordinary shares.

General Electric Company — The non-beneficial interest of Sir Kenneth Bond in floating rate unsecured capital notes 1986 has decreased by £269,000.

The non-beneficial interests of Sir William Rees-Mogg in ordinary shares and floating rate unsecured capital notes 1986 has increased by 11,875 shares and £700 capital notes respectively.

Fulcrum Investment Trust—Mrs S. G. Hill-Walker (wife of a director) has purchased 30,000 capital shares at 3½p.

V. W. Thermax — R. W. Stephens, a director, has sold 62,800 shares.

Hartley Baird—Director Miss K. H. Parkes purchased 25,000 ordinary at 4⅝p on October 6, and a further 357 at 5p on November 17.

Esal Commodities—Marshall's Universal has purchased 180,000 ordinary and now holds 1,785,250.

George Spencer—Director M. M. Cresswell has an interest in 900,000 ordinary (14.73 per cent) held by C. H. S. Investment Company and its associates.

Bluemel Bros.—Bulkeley Investments has purchased a further 320,000 ordinary and now holds 1,952,000.

Singlo Group—Director K. P. Legg has sold 419,195 ordinary and director D. J. K. Wadham has sold 19,260 ordinary.

Wingate Property Investments—The Chemical Bank of Friegntstrasse now holds a total of 1,608,000 ordinary (12.2 per cent). The holding is registered in the name of Chembank Nominees.

BIDS AND DEALS IN BRIEF

Merrill Lynch and Co. has been instructed by **American Home Products** (AHP) to carry out an investigation and to advise on the best method of disposing of its 73 per cent holding in kitchen equipment concern **Prestige Group**, if this is AHP's ultimate decision.

Last October AHP said that an evaluation of its housewares operations indicated that they may not meet the group's standards for growth over the long term. Accordingly, the directors said they were investigating potential alternatives, including the possible sales of these operations, which included Prestige.

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At an EGM of **KCA International** shareholders approved an option to acquire up to 8,609,801 (21.94 per cent) ordinary shares of 10p each in Candecca Resources from Canterbury, a wholly-owned subsidiary of Sceptre Resources, before March 1, 1984. The KCA International Group already owns 3,125,000 (7.9 per cent) ordinary shares in Candecca.

Shareholders also approved a change of name for KCA International to Bristol Oil and Minerals.

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The offer by **Norton Opax** for **Broadprint** has received acceptances in respect of 213,788 new ordinary shares and 213,788 deferred shares, representing 97.5 per cent of Broadprint's issued capital.

Acceptances have been received in respect of 6,328 preference shares, representing 100 per cent of the Broadprint's preference shares. These acceptances include those shares for which irrevocable undertakings were given.

Prior to the announcement of the offers, Norton had received irrevocable undertakings from directors of Broadprint and other parties in respect of 119,559 new ordinary shares, 119,559 deferred shares and 1,662 preference shares, being 54.27 per cent, 54.27 per cent and 26.26 per cent of each class respectively.

The offers are now unconditional as to acceptances and will remain open until further notice.

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Mechema Chemical Holdings, a newly formed company 90 per cent owned by **Taddale Investments**, a small industrial holding company, has acquired the chemical manufacturing business of Mechema from its joint receivers, Mr Stephen James and Mr Peter Rilett of Thomas McClintock and Co.

Since the appointment of the joint receivers in March 1983 the business of Mechema has been reorganised and is said to be trading successfully.

A 10 per cent stake in Mechema Chemical Holdings is held by Leonard Dowset and his family. Future trading is to be carried out by a wholly owned subsidiary, Mechema Chemicals.

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Donald Macpherson Group says that as part of its continuing rationalisation programme, it has reached agreement for the sale of its wholly-owned subsidiary in Northern Ireland, **Newcote Paints**, for a consideration, including repayment of loan account of £80,000.

The company is being acquired by Mr R. O. N. Kerr and his family, who have managed the business for many years and were previously shareholders.

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Electra Risk Capital reports the successful conclusion to negotiations to invest £200,000 for a 46 per cent holding in **Holscot Industrial Linings**—the supplier and fabricator of fluoroplastic (Teflon) materials.

Such investment and restructuring will allow Holscot to further expand and develop its range of products and services.

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McKechnie Brothers, through its Harrison of Birmingham subsidiary, has acquired **G. Hall & Co.**, a Portsmouth-based concern which will become part of the Harrison Drap curtan track division.

G. Hall will complement the activities of the curtain track division in the soft funrishing area, including roller and vertical blinds, venetian blinds and awnings.

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J. Bibby & Sons has completed the sale of **J. Bibby Edible Oils** to **Bunge and Co.** for a cash consideration of approximately £14m.

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Thermal Scientific has acquired **Cambridge Process Controls**, a Cambridge-based microprocessor development and consultancy operator.

Consideration will be £10,000 for goodwill, plus the value of fixed and movable plant and stock, and work in progress, estimated at a total consideration of £12,000. The consideration will be met by the issue of 11,000 ordinary shares in Thermal plus a cash balance.

COMPANY NEWS IN BRIEF

The offer for sale by tender of the **Colne Valley Water** company £5m 6 per cent redeemable preference stock 1990 has met with a disappointing reception. Little more than £4m of the stock was applied for, and the remainder will be taken up by the underwriters. The stock was offered at a minimum price of £99 per £100 and the average price obtained was £99.30.

Dealings are expected to begin today. Brokers to the issue were Seymour Pierce.

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For the half year ended September 30 1983 pre-tax profits of **Property & Reversionary Investments** fell from £1.27m to £890,000. However, last time's results included a £388,000 surplus on property dealing by the trading subsidiary and the directors point out that excluding this surplus profits before tax have been maintained.

They add that a considerable loss of income from vacant properties is being slowly reduced. It is hoped that further progress will be made before the end of the financial year.

Earnings for the half year emerged at 1.5p (2.3p) but the net interim dividend is held at 1p net per 25p share—last year a final of 2.5p was paid.

Total income amounted to £1.65m (£1.61m). Ground rents payable totalled £84,000 (£87,000) and other property outgoings less service charges accounted for £209,000 (£156,000). Net rental income of the trading subsidiary deducted from development work in progress amounted to £63,000 (£24,000).

Interest charges declined to £148,000 (£207,000). Administration expenses were little changed at £254,000 (£257,000).

Tax took £468,000 (£557,000) —last time minorities accounted for £91,000. Extraordinary credit £22,000 (£222,000).

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Significantly improved commodity prices together with higher investment income enabled the **Sogomana Group** to lift its pre-tax profits by £183,874 to £456,544 over the six months to end-June 1983.

The continuation of the higher commodity price levels through the second half of the year is "cause for optimism" for the future, the directors say. In addition to the improved prices the company is benefiting from the investment of the proceeds of the sale of Shelford Estate.

Turnover advanced to £718,480 (£605,712) and operating profits emerged at £207,888 (£118,886) to which investment income added £248,656 (£153,784). Tax accounted for £182,562 (£93,373) but extraordinary items this time added £1.07m.

Earnings amounted to 8.79p (5.75p) per 10p share pre-extraordinary items and the net interim dividend is raised to 5p (3p) partly to reduce disparity between payments. The group is involved in the production of natural rubber, oil palm fruit and cocoa.

A recovery in consumer demand and increased timber values caused first-half taxable profits of timber merchant **James Latham** to surge from £194,000 to £907,000. Turnover for the period to September 30, 1983, advanced by £3.14m to £16.7m.

With earnings per £1 share jumping from 3.8p to 29p, the interim dividend is being lifted to 4.25p net (3.35p). For the previous year a total of 10p was paid from pre-tax profits of £687,000 and earnings per share of 19.3p.

The directors say the results represent a return to real growth. Although it is likely that this will level out, they report that trading will probably be generally satisfactory in the foreseeable future.

After tax of £136,000 (£58,000) net profits emerged at £771,000 (£136,000).

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The summer season produced higher taxable profits for **J. A. Devenish**, brewer, and resulted in a full year's outcome higher at £1.92m, compared with £1.84m. At the interim stage, which incorporates the low trading winter period, profits were £125,000 against £191,000.

For the 52 weeks to September 30 1983 turnover expanded from £21.36m to £22.16m. The final dividend is lifted to 8p (7.25p) for a higher total of 10.25p (9.5p) net per 25p share. Earnings are stated as 32.2p (38.5p).

After tax of £736,000 (£416,000), extraordinary profits—being sale of properties less redundancies on closures plus a net tax credit—added £72,000 (£233,000). Last time there was an exceptional tax credit of £527,000.

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A fall from £559,000 to £333,000 in profit for the half year ended June 30 1983 is reported by **Scruttons**, port manager. Results at home continued to suffer from the effect of difficult trading conditions experienced by the terminal companies, but overseas earnings have increased substantially.

The second half should show an improvement as the terminals have recently won some additional business and savings have been achieved by staff reductions. The interim dividend is again 1.5p—the 1982 total was 4p paid from profits of £1.06m.

The company's shares are traded on the market made by Granville and Company. It owns and operates container and unit-load terminals in Britain, and advises ports overseas.

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Pre-tax profits of **City Site Estates** fell from £141,000 to £110,000 in the 12 months to September 30, 1983. This was due to a rise in cost of finance from £38,000 to £131,000 and property outgoings and other charges to 131,000, compared with £44,000, offsetting an increase in income.

Gross rental income for the year expanded to £324,000 against £199,000 and other income increased from £24,000 to £98,000.

The company, which is traded on the USM, will continue to seek expansion and development opportunities for its property portfolio, and to strengthen its trading base it has refinanced £1m of overdraft with long term finance since the year end.

The final dividend is 0.29p (0.25p) for a 0.58p (0.5p) total. Tax takes £30,000 (£68,000) giving basic earnings of 0.84p (0.81p).

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Property investment and development company **Greycoat City Offices** returned pre-tax profits £341,000 lower at £686,000 for the opening half year, but is raising its net interim dividend from 0.5p to 0.6p per 10p share.

Net rental income for the six months, to end-September, improved to £1.28m (£1.08m). There were no property sale profits (£202,000) while other income and fees added £72,000 (£6,000). Turnover emerged at £1.35m (£1.29m).

Earning amounted to 2.1p (2.7p) per share. There was no tax charge (£173,000).

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For the first half year ended September 30 1983 **Hampton Trust** has turned in a profit of £111,402, compared with a loss of £20,479 for the corresponding period and with £28,514 for the full 1982-83 year.

Included in the half year is an £85,000 profit on sale of the Berwick Street property and £23,000 net income from gas wells in Ohio. Earnings per share are shown at 0.6p (loss 0.12p).

At September 30 group net assets totalled £3.73m, with the per share value being 21.2p. These compared with £3.63m and 20.6p respectively at March 31.

Sir Cecil Burney, chairman, says results continue to be adversely affected by the rental void of the main property asset at Mount Street, W. The refurbishment of the office suites has been completed and strenuous efforts are being made to relet them.

On the energy side, all six wells are expected to produce for three continuous months during the winter, reverting to production on an alternative month basis next spring.

A stake of 5.03 per cent was bought in the company recently by London property investors Mr David Lewis and Mr Neil Davis.

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Mr Peter Schaefer, chairman of **Lawtex**, told the annual meeting that he believed the company would continue to make progress towards a return to satisfactory profitability.

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For the half year ended October 1 1983 the **David Dixon Group** has turned in a profit of £107,000, and the second half is expected to give a higher return. The interim dividend is held at 2.22p net.

The halftime profit compares with a loss of £100,000 last time. This had increased to £424,000 by the year end and the final dividend was omitted.

Turnover in the half year rose by 20 per cent to £7.43m. The group makes ladies', men's and children's hosiery, leisurewear, underwear and knitted fabrics. The profit has been achieved by a much better performance from Tudsbury and E. Thomson as compared with a year ago. Other subsidiaries also operated profitably.

Margins are still low, but efforts are being made to raise selling prices "with some success."

After tax £23,000 (£16,000) the net profit came out at £84,000 (loss £126,000), equal to 4.52p (loss 7p) per share.

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A return to profits was made by **Deritend Stamping** in the six months to August 31, 1983. A taxable profit of £623,000 compares with a depressed £51,000 and a loss of £264,000 in the second half of last year.

Prospects for the second six months remain difficult to forecast says Mr D. J. Mead, chairman — order books are short with margins under pressure. However, he says he will be disappointed if the results do not at least equal those now reported.

The company, which is engaged in forgings, castings and electrical installations and repairs, pushed up trading profits to £860,000, against £343,000, on turnover down at £16.16m, compared with £17.27m. The taxable result was after interest charges of £237,000 (£292,000).

The interim dividend is maintained at 2.2p net per share, and the directors hope, provided the modest recovery continues, to restore part of the reduction which took place in last year's final 2.8p (5.3p) payment.

Tax for the period was £113,000 (£50,000), equal to earnings per 50p share of 9.67p (0.02p). After dividend payments of £116,000 (same) the retained surplus (loss £115,000) £394,000.

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After a £30,000 fall in interest charges to £327,000, taxable profits of diesel power engineering and distribution group **Associated British Engineering** moved ahead from £380,000 to £394,000 in the first half to September 30 1983. Turnover slipped by £606,000 to £16.23m.

Earnings per 12.5p share are given as 1.82p (1.85p) and the interim dividend is being raised from 0.325p to 0.358p net, in line with the group's rights issue forecast in July. For the previous year a total of 0.65p was paid from pre-tax profits of £1.02m.

The group has ceased manufacturing marine diesels at British Polar Engines at an estimated cost of £150,000, which will be charged as an extraordinary debit at the year end.

One of the group's major export contracts has been cancelled. This together with other uncertainties and delays in export markets means the group is unlikely to achieve the same taxable profits in the second half as in the first, the directors say.

However, they believe the group's difficulties are temporary and expect a return to growth in the next financial year.

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For the half year ended September 30 1983 taxable profits of bridge and constructional engineering concern, **Braithwaite & Company Engineers** fell from £402,792 to £307,334. Turnover was down to £3.5m, compared with a previous £4m.

Increased production levels, forecast last August, have not yet materialised, directors say, as a substantial volume of contracts are still held up by financial restraints in overseas markets.

The interim dividend is unchanged at 4p net per £1 share—last year's final was 5.1p—and after tax, £92,000 (£80,000), earnings per share were 7.8p (11.8p).

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Profits before tax of **Baggeridge Brick** rose by £349,000 to £837,000 over the 12 months to September 30 1983 with figures for the second six months rising from last time's £414,000 to £537,000.

Per 25p share, earnings amounted to 18.56p (8.02p) and a final dividend of 3.75p (3.125p) lifts the net total from 4.375p to 5.25p. Turnover totalled £7.24m (£5.22m).

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Aluminium futures market launched in New York, Page 42

WALL STREET

Airlines get measure of support

UNCERTAINTY on Wall Street over the outlook for interest rates continued to subdue trading yesterday, *writes Terry Byland in New York.*

The stock market advanced briskly after a slow start, with most of the leaders adding $1 or so. But the bond market remained weak, as investors continued to move away from the longer end and into near dated issues.

At the close, the Dow Jones industrial average was up 4.47 at 1,273.78. Transport issues were featured by demand for airline stocks following recommendation by brokerage analysts.

A forecast by the Commerce Department that capital spending in the U.S. could rise by 5.6 per cent this quarter, and continue, albeit at a slower rate, into next year, helped the heavy industrial stocks.

Caterpillar Tractor, the leading supplier of heavy equipment to the mining and construction industries, jumped $1¼ to $47⅜.

Buying of heavy industrials was selective with institutions again confining their interest to the market leaders. Minnesota Mining put on $⅝ to $85⅝, General Dynamics was $⅜ up at $59, General Electric, at $58¼, and Lockheed, at $39⅝, were $⅜ higher.

The market bellwether stock, IBM, gained $⅝ to $118⅝ although the announcement of its new automatic teller machine (ATM) brought mixed views from analysts, some seeing it as a fresh, aggressive move by IBM, but others questioning the price of the new product.

NCR, announcing a similar ATM next week, added $½ to $134¾. Diebold, with about 50 per cent of the ATM market against IBM's 25 per cent, recovered $3 on Tuesday's fall to $77½.

Airline issues, expected to benefit from the continuing weakness in oil prices as well as from lower labour costs and reduced fare-cutting on domestic routes attracted buyers.

Pan Am, $¼ up at $8⅝ approached its 12-month high. American Airlines, still benefiting from recommendation by two leading brokers, jumped $⅝ to $37. The strongest feature was United Airlines, $1⅛ up at $35, as investors responded to the company's strength in domestic routes. The California-based PSA added $¼ to $22¾ while Delta Airlines jumped $1⅛ to $41⅝.

Oil stocks, however, were little affected by suggestions that oil prices could continue to ease. Exxon traded unchanged at $38⅝. Standard Oil California shaded $¼ to $34¾

Partners in the Mukluk oil search venture steadied. Standard Ohio, chief partner, recovered $⅜ to $42½ while BP, at $23⅛, added $⅛. Diamond Shamrock, also deeply involved, lost another $½ to $18¾.

Other active features included Metromedia, the TV and radio group now the subject of a $1.6bn buyout by its senior management. It gained $1⅜ to $35½, compared with an estimated price tag of $43½ per share in cash and notes from the bidders.

A less peaceful bid prospect, Gulf Oil, slipped $⅛ to $30½ after adjournment of the shareholders' meeting aimed at fighting off Mr Boone Pickens and his associates.

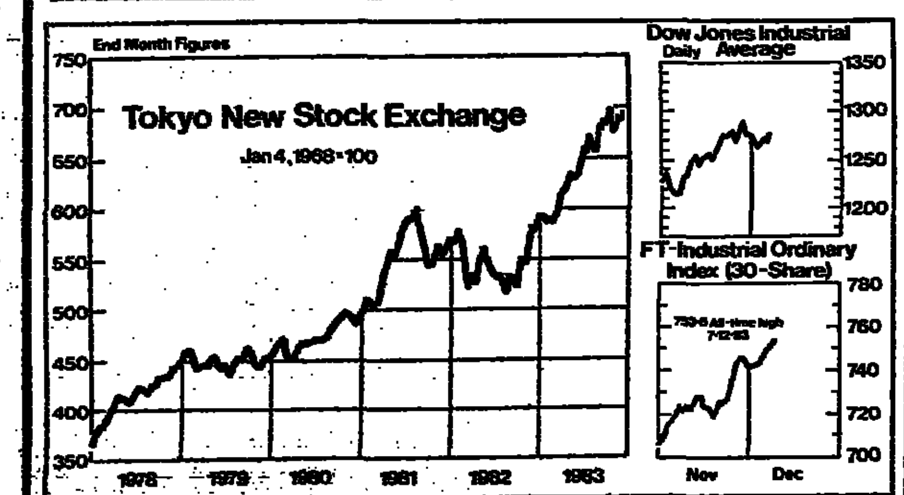
In the credit market, short term rates slackened at midsession but the three-month Treasury Bill, at 8.93 per cent discount, was only a shade below overnight, and the six-month, at 9.12 per cent, barely changed.

Lack of intervention yesterday by the Fed left bank settlement operations to influence the market.

Long dated bonds steadied from a dull start with retail interest still very thin, and professional switching providing most of the business.

The key long bond traded at 101¹³⁄₃₂, a net ⁵⁄₃₂ lower.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 7	Previous	Year ago
DJ Industrials	1273.78	1269.31	1056.94
DJ Transport	612.29*	602.58	464.55
DJ Utilities	133.91*	133.96	117.52
S&P Composite	166.04*	165.47	142.71
LONDON			
FT Ind Ord	753.60	748.20	584.10
FT-A All-share	463.69	461.60	373.53
FT-A 500	495.16	492.70	412.81
FT-A Ind	456.39	454.36	386.87
FT Gold mines	580.80	583.00	504.40
FT Govt secs	83.33	83.00	78.02
TOKYO			
Nikkei-Dow	9404.99	9438.79	8026.99
Tokyo SE	697.83	699.47	588.59
AUSTRALIA			
All Ord.	735.00	733.50	487.70
Metals & Mins.	541.50	541.40	421.90
AUSTRIA			
Credit Aktien	54.43	54.49	48.19
BELGIUM			
Belgian SE	193.61	129.18	97.75
CANADA			
Toronto Composite	2540.10*	2536.80	1891.45
Montreal Industrials	447.85*	448.96	320.45
Combined	429.37*	429.77	316.85
DENMARK			
Copenhagen SE	193.61	197.16	90.33
FRANCE			
CAC Gen	150.40	150.00	103.40
Ind. Tendance	161.60	160.70	124.00
WEST GERMANY			
FAZ-Aktien	345.35	348.72	248.51
Commerzbank	1022.70	1028.00	750.20
HONG KONG			
Hang Seng	874.36	881.58	752.21
ITALY			
Banca Comm.	185.99	186.57	167.65
NETHERLANDS			
ANP-CBS Gen	148.00	147.80	101.60
ANP-CBS Ind	120.70	119.80	85.80
NORWAY			
Oslo SE	203.92	205.76	97.97
SINGAPORE			
Straits Times	944.60	938.34	746.20
SOUTH AFRICA			
Golds	n/a	n/a	887.6
Industrials	n/a	n/a	732.8
SPAIN			
Madrid SE	123.40	124.32	100.66
SWEDEN			
J & P	1522.21	1522.90	850.99
SWITZERLAND			
Swiss Bank Ind	371.40	371.50	281.20
WORLD	Dec 6	Prev	Yr ago
Capital Int'l	181.30	181.60	153.50

GOLD (per ounce)

	Dec 7	Prev
London	$399.875	$397.875
Frankfurt	$399.75	$397.00
Zürich	$400.00	$397.50
Paris (fixing)	$399.79	$398.26
Luxembourg (fixing)	$400.00	$397.25
New York (Dec)	$403.40	$398.90

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Dec 7	U.S. DOLLAR Previous	STERLING Dec 7	STERLING Previous
$	–	–	1.442	1.4495
DM	2.7330	2.72875	3.9425	3.9575
Yen	233.95	233.925	337.75	339.25
FFr	8.2925	8.2825	11.955	11.995
SwFr	2.18925	2.17925	3.16	3.1625
Guilder	3.065	3.056	4.4225	4.4325
Lira	1657.0	1654.5	2389.25	2397.5
BFr	55.46	55.3	79.95	80.15
C$	1.24475	1.24375	1.7940	1.8025

INTEREST RATES

Euro-currencies (offered rate)	Dec 7	Prev
£	9⅝	9⅝
SwFr	4¼	4⁵⁄₁₆
DM	6⅝	6⅝
FFr	13⅛	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	10
6-month U.S.$	10¼	10⁵⁄₁₆
U.S. Fed Funds	9½*	9⁹⁄₁₆
U.S. 3-month CDs	9.55*	9.55
U.S. 3-month T-bills	8.93*	8.93

U.S BONDS

Treasury	Dec 7 Price	Dec 7 Yield	Prev Price	Prev Yield
10½ 1985	99¹⁹⁄₃₂*	10.73*	99²⁰⁄₃₂	10.71
11½ 1990	99⅝₂*	11.70*	99⅝₂	11.68
11.75 1993	99²⁹⁄₃₂*	11.76*	100	11.74
12 2013	101¹³⁄₃₂*	11.81*	101¹⁸⁄₃₂	11.80
Corporate	**Dec 7 Price**	**Dec 7 Yield**	**Prev Price**	**Prev Yield**
AT & T 10⅜ June 1990	93¼*	11.90*	93⅝	10.95
3⅞ July 1990	67½*	10.95*	67½	10.95
8⅜ May 2000	76*	12.15*	76	12.15
Xerox 10⅝ March 1993	91⅞*	12.10*	93½	11.85
Diamond Shamrock 10⅝ May 1993	90⅝*	12.40*	90¼	12.45
Federated Dept Stores 10⅝ May 2013	86.417*	12.35*	87⅛	12.25
Abbot Lab 11.80 Feb 2013	95.647*	12.35*	96.40	12.25
Alcoa 12¼ Dec 2012	95.085*	12.90*	95.446	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	70–23	70–24	70–18	70–27
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.05	91.06	91.02	91.07
Certificates of Deposit (IMM) $1m points of 100%				
December	90.48	90.50	90.45	90.53
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.26	90.29	90.25	90.31
20-year Notional Gilt £50,000 32nds of 100%				
December	109–30	110–00	109–18	109–12

COMMODITIES

(London)	Dec 7	Prev
Silver (spot fixing)	660.80p	657.80p
Copper (cash)	£999.00	£994.50
Coffee (Jan)	£1987.50	£1969.00
Oil (spot Arabian light)	$28.25	$28.32

LONDON

Institutions rush across threshold

INSTITUTIONAL investment spurred *London equities to a new high yesterday* taking the FT Industrial Ordinary index safely over the 750 threshold for the first time to close 5.4 up at 753.6. The broader-based FT Actuaries indices also moved higher with the Industrial Group 0.4 ahead to a record 456.39.

Stock shortages and favourable views of banking November's money supply trends, coupled with the possibility of prolonged stable world oil prices, enhanced the overall tone.

Revived support in gilts added nearly one point on longs before easing to ¾.

Details, Page 37; Share Information Service, Pages 38–39

HONG KONG

AN ABSENCE of institutional and foreign interest left shares easier in Hong Kong and the Hang Seng index dipped 7.22 to 874.36 at the end of the regular half-day session.

The major investors stayed out of the market as the latest round of Sino-British talks began in Peking, although *some smaller investors took profits after* the market's recent gains.

Among leaders, Cheung Kong and China Light each dropped 10 cents to HK$7.15, and HK$11.80 respectively while Hongkong Land was 5 cents easier at HK$2.92. Jardine Matheson fell 20 cents to HK$11.30, Swire Pacific "A" 10 cents to HK$14.70 and Hutchison Whampoa 30 cents to HK$14.10.

SINGAPORE

CONTINUED SIGNS of a conciliatory attitude emerging in talks on the Malaysian constitutional dispute again helped shares higher in Singapore. The Straits Times index added 6.26 to 944.60.

Cerebos was actively traded and advanced 3 cents to S$2.23. Elsewhere, Shell rose 40 cents to S$8.85 and Esso 20 cents to S$10.90, while Malayan Cement added 25 cents to S$7.90.

The second section was also firm with Singapore Land 10 cents higher at S$5.90, while United Overseas Land and Malaysian Resources gained 6 cents *each to S$2.59 and S$1.90 respectively.*

AUSTRALIA

LACK of enthusiasm in Sydney for a parcel of 2.6m BHP shares being offered by Howard Smith, adversely affected BHP and the market generally. But the All Ordinaries index, which was as low as 731.6 at one stage, recovered to end 1.5 up on the day at 735.0.

BHP traded at A$13.30 but closed 5 cents cheaper at A$13.40, while CRA recovered from a low of A$5.76 to end 6 cents higher at A$5.84.

J. Blackwood added 30 cents to A$5 amid speculation of a bid by Howard Smith, and Brisbane TV climbed A$1.50 to A$23.50 – 50 cents above the last bid by Capricornia.

SOUTH AFRICA

A STUBBORN bullion price, static around the $400 per ounce level, failed to excite Johannesburg gold shares with issues narrowly mixed in quiet trading.

Southvaal was 50 cents firmer at R67, while Free State Geduld lost 25 cents to R45. Elsewhere, Anglo American Gold at R136, Buffels at R66 and Gold Fields at R24.5, were all unchanged.

Industrials were mixed with a firmer bias as the Government announced a rise in the index of manufacturing output to 127.4 in August from 122.4 in July. Tobacco and glass products, clothing and non-electrical machinery all posted marked gains during the period.

CANADA

STRONGER gold issues brightened Toronto trading yesterday with further support from base metal stocks. The main weakness in the resource sector proved to be oil and gas related names.

Industrials were the weak link in Montreal while advances in utilities, banks and papers failed to stem the overall decline.

TOKYO

Small-lot sales hit blue chips

AN INCREASINGLY cautious mood triggered small-lot selling for profit-taking in Tokyo yesterday, pushing the Nikkei-Dow index down 33.80 to 9,404.99, *writes Shigeo Nishiwaki of Jiji Press.*

Volume declined from 301.08m shares the previous day to 274.56m while losses outpaced gains 405 to 269, with 175 issues unchanged.

As caution spread among investors, high-priced blue chips lost ground on small-lot selling. Machineries suffered on reports that Bendix Automation of the U.S. had filed a complaint with the International Trade Commission against Japan's Amada and its U.S. subsidiary on charges of patent infringement.

The reports unleashed orders to sell about 600,000 Amada shares, sending the leading metal processing machinery maker down Y57 to Y923. Other machine makers declined with Amada, notably Sonoike Manufacturing, which lost Y40 to Y870.

Many blue chips also faltered, with Matsushita Electric Industrial shedding Y30 to Y1,830, TDK Y130 to Y5,260 and Pioneer Y30 to Y3,270.

Motors had been sought on bright domestic sales estimates, but Toyota dipped Y10 to Y1,440, Honda Y30 to Y1,110 and Isuzu Y5 to Y352, following reports the previous day that their cars had defective voltage regulators.

Sony, which forecast that consolidated net profit for the business year, ending in October 1984, would shoot up 80 per cent over the preceding year to between Y45bn and Y50bn, advanced Y50 to Y3,410. Iwatsu Electric also added Y50 to Y1,930, apparently reflecting its contract with IBM Japan to supply terminals for *an on-line credit information system.*

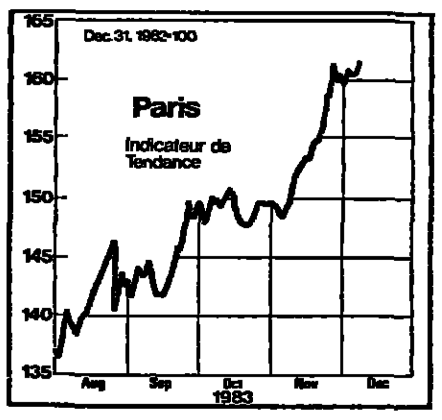
Fanuc temporarily reached Y10,050, finishing the day at Y9,980, up Y140.

By contrast, pacesetters among speculative issues came under selling pressure, with Godo Shusei losing Y25 to Y535 and Sumitomo Metal Mining Y10 to Y1,030.

Most securities houses said investors had again shifted their investment interest from high-priced blue chips to lower-priced speculator favourites due primarily to their concern about the outcome of the December 18 House of Representatives election.

Prices firmed on the bond market against the background of a good supply-demand situation.

The yield on the benchmark 7.5 per cent government bonds maturing in January 1993 dropped from 7.54 per cent the previous day to the year's low of 7.52 per cent as leading brokerage houses carried out speculative buying on rumours that the Bank of Japan would shortly conduct a buying operation. At that yield level, the price was Y99.90, close to the par of Y100.



EUROPE

Domestic matters dominate

A SERIES of mainly domestic factors was responsible for the diverse performances of European bourses yesterday.

Frankfurt was easier at the opening *with the strong dollar again depressing* the market. Reflecting this, the Commerzbank index, calculated at midsession, was 5.3 down at 1,022.7.

But shares recovered later as encouragement was drawn from tyre-maker Conti-Gummi's plans for a first dividend in three years and its expectations of significantly higher profits for this year. Conti-Gummi added DM 4 to DM 121 but other motor issues ended mixed.

Deutsche Bank slipped DM 1.50 to DM 317.50, after a low of DM 316.50, following its announcement of a rise in operating profit in the first 10 months of this year. The results were not up to some expectations.

Allianz, which plans to increase its bid for the UK insurance group, Eagle Star, dipped DM 20 at one stage before recovering some of the loss to end the day DM 14 lower on balance at DM 883.

Bonds finished little changed in thin trading and the Bundesbank bought DM 7.5m of paper after its DM 3.4m of purchases on Tuesday.

Amsterdam continued its record breaking performance with the ANP-CBS general index, calculated at midsession, up 0.2 at a fourth consecutive peak of 148. However, many shares eased in later trading.

Océ-van der Grinton added Fl 1.50 to Tuesday's sharp gain to close at Fl 235 while insurer Aegon was again in demand ending Fl 5.50 ahead at Fl 115.

Philips dipped 90 cents to Fl 42.10 after its unchanged 60 cents *a share* interim dividend.

The Government's announcement of a 8.5 per cent 10-year state loan had been expected. Secondary bonds were mostly unchanged in quiet trade.

A half-point cut in the French call money rate to 12½ per cent gave impetus to the **Paris** bourse which was already active with investors seeking shares before the end of the year to offset tax liabilities.

Martell was the brightest spot, adding FFr 227 to FFr 1,630 after reporting a higher profit, despite a declining world market for cognac.

Shares ended marginally ahead in **Brussels** although in chemicals, Solvay gave back all of Tuesday's BFr 60 advance to close at BFr 3300.

Blue chips and selected financials in **Zurich** continued to decline on profit-taking after their recent strength and this left the market mixed to easier. But major banks consolidated their gains of previous sessions.

Stockholm ended mixed. Volvo added SKr 16 to SKr 446 but Asea shed SKr 4 to SKr 421 and Pharmacia was down SKr 17 at SKr 309.

These declines are attributed to a switch by local investors into cheaper, restricted shares only open to Swedish buyers.

Shares eased in nervous trading in **Milan** while **Madrid** was also lower.

Prices at 3pm, December 7

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8½	AAR	44	3 1	18	1	14¼	14¼	14¼	
52½	28½	ACF	1 40	2 8	240	181	50⅝	50½	50½	-¼
18⅝	18¼	AMCA	n			1	u18¼	18¼	18¼	+⅛
18⅝	14¼	AMF	50	3 2		331	15	15½	15¼	+¼
39⅜	18½	AMR Cp			16	5547	37⅜	35¼	35¾	+⅜
19½	15	AMR	pf2 18	11		34	19⅝	19¼	19⅝	
40¼	24⅝	AMR	pf2 13	5 5		81	38¾	38½	38½	+⅛
16¼	7½	APL			22	19	15⅛	15	15	-½
55¼	32½	ARA	2 05	3 8	12	154	53¼	52⅞	53⅛	
79⅝	50¼	ASA	3a	5 2		772	58¼	56⅝	58	+1½
33¼	14	AVX	s 32	1 2	41	138	27½	26½	27¼	+½
53⅝	36⅛	AbtLab	1	2 2	17	3316	45⅞	44⅝	45¼	+⅛
30⅛	23¼	AccoW	n 60	2 3	19	28	26⅜	26⅛	26⅛	-⅛
27½	16⅛	AcmeC	40	1 5		141	26¼	26	26¼	+¼
14⅜	7⅜	AcmeE	32b	2 6	606	13	12⅛	12⅛	12⅛	-⅛
24⅞	8¼	AdmDg	04	2	16	17	21	20⅞	20⅞	
18⅝	15	AdaEx	1 73e	9 5		50	18½	18¼	18¼	-⅛
19¾	7¼	AdmMl	24	1 5	8	4	15⅛	15¼	15¾	+⅛
18⅝	8½	Advest	12	9	8	93	12⅞	12⅝	12¾	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A-A-A B-B-B C-C-C D-D-D E-E-E F-F-F G-G-G H-H-H I-I-I J-J-J K-K-K L-L-L M-M-M N-N-N O-O-O P-Q

Continued on Page 35

حكمة امنه الأصل

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, December 7

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 36

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 34

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		X-Y-Z								
50	35	Xerox	3	6.1	11	1572	49½	47⅞	49	+1
53⅜	49½	Xerox	pf5.45	11		132	49⅞	49¼	49¼	-¼
37	18½	XTRA		1.8	33	115	36¼	35⅝	35⅞	-⅛
34	20¼	ZaleCp	1.26	3.9	18	28	32⅝	32	32	-⅞
21⅞	14½	Zapata	.84	5.0	7	351	17⅛	16½	16⅝	-⅛
52½	28⅛	Zayre	s.30	.7	14	719	45½	44⅛	44½	-1
35⅛	13⅜	ZenithR			42	1254	u36	35	35⅝	+½
25½	14½	Zero	s.32	1.4	22	52	23⅝	23⅛	23⅝	-¼
37⅜	24½	Zurn	1.32	4.3	11	274	31½	30¼	31	-¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 35

[illegible]

CANADA

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

ITALY

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK DOW JONES

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

[illegible]

(**) Saturday Dec. 3. Japan Nikkei-Dow 9406.50. TSE 605.09. Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Selective institutional demand establishes index firmly above 750 for first time

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov 28	Dec 8	Dec 9	Dec 19
Dec 12	Dec 22	Dec 29	Jan 9
Dec 30	Jan 12	Jan 13	Jan 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities advanced deeper into uncharted territory yesterday, establishing the FT Industrial Ordinary share index firmly above 750 for the first time. Institutional investment support for a range of leading shares was again responsible for the strong tone. The demand often exacerbated stock shortages which accelerated the upturn in values to leave double-figure gains dotted across the market.

A broadly favourable financial Press reception of banking November's money supply trends and the prospect of a more prolonged period of stable world oil prices enhanced the confidence currently radiating from equity markets. Saudi Arabia announced that it is to peg oil prices until at least the end of 1985. A UK report of a Spring reduction in mortgage rates was another helpful factor.

Further encouraging trading statements from a variety of UK manufacturing groups seemed to reinforce recent official views about the extent of the economic recovery. Many larger investors who a short while ago doubted these findings are tending to lean towards Government forecasts, but smaller private investors appeared to be less sure. The continuing dearth of business from small investors was especially noticeable yesterday.

Hawker Siddeley, on talk of a broker's upgraded profit forecast, and **BTR** were outstanding performers but there were also notable casualties, particularly **Pilkington Bros.** which tumbled when the group's interim profits failed to match market expectations. **Blue Circle** drooped after-hours following an official denial of recent rumours of pending cement price increases.

Illustrating the consistent trading pattern of top shares yesterday, the index was between four and five points up from 11 am onwards and in the late unofficial trade improved further to close 5.4 up at a record 753.6. The broader-based FT-Actuaries indices also moved higher with the Industrial Group gaining 0.4 per cent to a best since compilation of 456.39.

Gilt-edged securities attracted revived support in the wake of the latest money supply figures. Longer-dated stocks moved up nearly a point before easing from the best, while the Government broker was able to sell the specialist low-coupon short tap, Exchequer 2½ per cent 1986, at 84¾ and withdraw. Fresh funding was announced at 3.30 pm in the shape of a £300m tranche of Exchequer 10½ per cent 1995 and a £200m tranche of Exchequer 10½ per cent 1997. When dealings resumed at 4 pm, the trend was a shade easier and the longs finally settled around ½ higher on the day.

Phoenix dip and rally

Phoenix reflected disappointing third-quarter figures by dropping to 375p before rallying to finish only a net 2 cheaper at 383p. Elsewhere in Composites, **General Accident** relinquished 8 to 440p and **Royals** 7 to 523p. **Eagle Star**, however, advanced 5 afresh to an all-time peak of 707p on increasing hopes of another, higher, bid from Allianz to top the record-breaking £913m offer from BAT Industries.

Lloyds recorded an above-average gain of 13 at 563p among quietly firm major clearing banks. Still reflecting recent impressive results, **Royal Bank of Scotland** advanced 6 more to 166p.

VDU manufacturers **Pericom** made a successful debut in the Unlisted Securities Market; opening at 146p, the shares improved steadily to close at 150p compared with the placing price of 140p.

Anticipation of further encouraging trading statements later this month stimulated increased support of Breweries. **Grand Metropolitan**, preliminary figures scheduled for December 22, were again to the fore and closed 6 better to record a two-day gain of 13 at 338p. **Bass**, expected to reveal full-year pre-tax profits around the 167m mark today, rose 3 to 330p. **Vaux** hardened a couple of pence to 214p on further consideration of the annual results. In contrast, **Wolverhampton and Dudley** bucked the recent trend in announcing full-year profits well below most estimates and the shares, standing a shade firmer ahead of the news, reacted to finish a net 6 down at a 1983 low of 248p.

Cement shares turned distinctly easier in the late dealings following a denial by the Cement Makers Federation of recent talk of an impending price increase. **Blue Circle**, steady for most of the day, settled 10 down at 425p, while **Rugby** gave up 5 to 99½p. In contrast, **James Latham** featured with a jump of 40 to 215p in response to good half-year figures. Other Timber shares improved in sympathy, **May and Hassell** rising on 4 to 96p and **Meyer International** 3 to 157p. Elsewhere in the Building sector, **London Brick** firmed 3 to 101p with the aid of investment demand, **Barratt Developments** improved 4 to 96p and occasional support left **UBM** a shade dearer at 120p.

ICI again traded quietly, but settled a couple of pence higher at 646p. **Laporte** continued to make headway with a further rise of 4 to 328p.

Newsagents firm

Newsagents made the running among Stores under the lead of **W. H. Smith A** which attracted a lively trade and touched 152p before settling a net 4 dearer at 148p. **NSS**, preliminary results due next Tuesday, hardened 2 to 90p, while **John Menzies** added 5 for a two-day gain of 10 at 295p. **Gussies A** responded to consistent support ahead of today's interim statement and closed 7 better at 605p, while **Woolworth** firmed 3 to a 1983 peak of 321p, and **Habitat Mothercare** rallied 4 at 264p.

Lack of fresh buying interest left the majority of the Electrical leaders slightly lower on the day, but **Racal** continued to attract buyers and touched 203p before settling 5 up on balance at 201p. Revived demand in a limited market left **Automated Security** 17 to the good at 197p, while **UEI** staged a useful revival with a gain of 12 to 157p. **Bowthorpe** were also outstanding at 251p, up 11. Reflecting satisfactory preliminary results, **Crystalate** put on 6 to 180p, while **Resource Technology**, still benefiting from acquisition news and the intention to apply for a full listing, gained 6 further to 180p.

Interest in the Engineering leaders centred chiefly on **Hawker** which were outstanding at 362p, up 16, following a broker's upgrading in profits estimates for the company. Elsewhere, **Deritend** closed 5 higher at 96p, after 98p, on the recovery in interim profits, while **Pegler-Hattersley** advanced to 277p in response to half-year figures before falling back on profit-taking to close only 3 firmer on balance at 257p. **Braithwaite**, in contrast, dipped 15 to 185p on reduced interim profits, while **Matthew Hall**, a firm market of late, reacted 6 to 224p, after the nine-month statement. **Simon Engineering** encountered support and put on 10 to 365p.

Highgate and Job highlighted the Food sector, jumping 44 to 110p in response to the announcement that Peachfield has acquired a near-15 per cent stake in the company. Elsewhere, **Dee Corporation** continued to reflect a broker's recommendation with a fresh rise of 12 to 392p.

Pilkington flat

On a day when many other leading shares continued their assault on record levels, **Pilkington** moved sharply lower in Miscellaneous Industrials, falling 20 to 238p on acute disappointment with the interim statement. **BTR**, however, advanced 14 more to 412p, after 415p, following a bear squeeze, while improvements of 4 and 5 respectively were recorded in **Boots**, 177p, and **Beecham**, 325p. Elsewhere, annual profits at the top end of market estimates buoyed **Granada "A,"** which closed 18 higher at 164p, while **Avon Rubber** also reflected favourable results with a rise of 4 to 137p. **Hanson Trust** firmed 5 to 253p in response to the bumper profits and proposed 50 per cent scrip-issue, while a broker's tip left **Dalgety** 12 up at 398p.

Speculative buying fuelled by revived takeover hopes left **Chubb** 7 better at 160p and **Wolverhampton Steam** were also prominent with a rise of 8 at 138p. **Morgan Crucible** put on 6 to 127p, **Steetley** 7 to 218p and **Sidlaw** 6 to 430p. Against the trend, **Elders** fell 10 to 245p following the announcement that Industrial Equity is selling its 8 per cent stake in Carlton and United Breweries to Elders and that a merger between CUB and Elders now looks a distinct possibility.

Leisure issues were noteworthy for revised selling of **Tottenham Hotspur** which eased 4 to 85p.

Among firmer Motor Components, **Lucas** stood out with an advance of 8 to 173p on investment buying ahead of next week's annual meeting.

Among Paper / Printings, **McCorquodale** hardened 3 more to 283p in front of next Tuesday's preliminary results, but **DRG** lacked support and shed that much to 110p. Advertising agencies were also irregular. **Saatchi and Saatchi** rose 7 to 540p awaiting today's full-year figures, but **Brunning** eased a couple of pence to 126p with the Restricted Voting also 2 off at 112p following the interim profits setback. **Geers Gross** remained friendless and shed 6 more to a 1983 low of 100p; the shares have fallen 58 since the announcement of disappointing first-half figures and the loss of lucrative accounts on November 18.

A revitalised sector of late following a re-rating by analysts, Properties turned irregular yesterday. Firm at first, the leaders later eased on profit-taking and **Land Securities** ended a few pence lower at 362p, after 367p. **MEPC** relinquished 2 to 273p and **Haslemere** gave up 4 to 474p. Elsewhere, **Property and Reversionary** eased 6 to 166p following reduced first-half profits, while **Greycoat** dipped the same amount to 144p, also on disappointment with trading news. **London Shop Property**, on the other hand, added 8 at 293p as did **McKay Securities**, at 130p. **Clarke, Nickolls and Coombs** held quietly firm at 115p; the price in yesterday's issue was incorrect.

Tuesday's statement from Trafalgar House chairman Mr Nigel Broackes served to increase speculation that Trafalgar will not renew its offer for **P & O** even with the blessing of the Monopolies Commission and left the latter 5 cheaper at 247p.

Buyers returned for Textiles, although demand was again selective. **Courtaulds**, 125p, **Nottingham Manufacturing**, 218p, and **Dawson International**, 181p, all added a couple of pence, while the interim profits recovery and cautiously optimistic statement lifted **David Dixon** 4 to 108p. **Leeds Group** continued to benefit from increased annual earnings and firmed 2 more at 112p. At the company's request, dealings in **F. Miller** were suspended at 41p pending an announcement; dealings were also halted in the 11 per cent Cumulative Preference at 119p.

Stock-jobbers **Smith Bros.** rose 3 to 82p, after 83p, following the announcement that RIT and Northern, through share purchases by its 50 per cent-owned New York offshoot L. F. Rothschild Unterberg Towbin, is now deepened to control 7.72 per cent of the equity.

Oil shares traded on a steadier note pending the outcome of the Opec meeting. **British Petroleum** fluctuated nervously before closing 6 to the good at 394p. Among the speculative issues, **Sun (UK) Royalty**, a poor market recently on talk of a dry *North Sea well, encountered* fresh offerings and touched 95p before rallying to close only 5 cheaper on the day at 125p. **Atlantic Resources** gave up 30 to 715p, while **Eglinton** fell 15 to 280p.

In Plantations, **Sogomana** improved 20 to 460p following the increased interim profits and dividend. The company's accompanying statement highlighting buoyant commodity prices prompted selective interest in **Williamson Tea**, due to announce annual results today and 25 better at 295p, and **Crosby House**, 7 up at 220p.

Golds mixed

Gold shares opened firmer in line with the late Hong Kong and early UK bullion price, but there was little follow through, and some light South African selling tended to depress prices which had been marked up on initial enthusiasm.

Gold drifted lower from the morning fix onwards, and the sharemarket followed suit, although it was still short of stock and this limited the declines among the leaders to at most half a point.

Falls of around this magnitude were common to **Hartebeestfontein**, £49¾, **Vaal Reefs**, £73⅞, and **St Helena**, £24¼, while **Doornfontein**, £16½, **Western Deep Levels**, £34¼, **Harmony**, £14⅛, and **Western Holdings**, £29½, were all ¼ lower.

U.S. markets seemed firmer at the outset, and contributed to rises of a half in **Durban Deep**, £19½, ⅜ apiece in **Kloof**, £31½, and **Southvaal**, £38⅞, and ¼ in **Winkelhaak**, £29¾. The Gold Mines index dipped 2.2 to 580.8, and bullion was finally $399.875 an ounce.

South African Financials were also uncertain. **Anglovaal** rose ¼ to £36½ and **Gencor** gained ¼ to £11¼, but **Anglo American Gold** gave up ½ at £77⅛.

De Beers lost 6 to 542p in Diamonds, while Platinums showed **Impala** down 10 at 900p and **Rustenburg** 5 lower at 755p.

London Financials were mostly stronger where changed with a late rise boosting **Consolidated Gold Fields** 9 to 527p. **Rio Tinto-Zinc** gained 6 to 598p on the growing belief that the deal over the Maureen oil field in the UK sector of the North Sea will not now go through. **Charter Consolidated** recouped a further 2 of the recent declines to close at 220p.

Elsewhere, the firmer trend on Wall Street helped **Minorco** to a gain of 12 at 715p, while **Northgate Exploration** were finally 5 higher at 360p. The gold and antimony producing **Consolidated Murchison** gave up 5 of the recent gains to close at 615p.

Australians were neglected as the end of the Account approached, although the increasing publicity attaching to the anti-uranium lobby cut 10 from the price of **Peko-Wallsend**, at 378p.

The excellent annual profits and the proposed scrip issue directed Traded Option operators to relative newcomer **Hanson Trust** which attracted 234 calls and 11 puts. **Lonrho** returned to the fore following persistent support of the underlying stock and recorded 389 calls with the February 110's and May 110's accounting for 161 and 165 trades respectively. Total contracts struck amounted to 2,493.

FINANCIAL TIMES STOCK INDICES

	Dec. 7	Dec. 6	Dec. 5	Dec. 2	Dec. 1	Nov. 30	year ago
Government Secs.	83.33	83.00	82.98	83.18	83.35	83.33	78.02
Fixed Interest	86.41	86.27	86.16	86.20	86.18	86.20	81.08
Industrial Ord.	753.6	748.2	742.0	741.3	741.1	746.1	584.1
Gold Mines	580.8	583.0	579.5	580.6	562.4	570.1	504.4
Ord. Div. Yield	4.63	4.65	4.69	4.68	4.68	4.65	5.07
Earnings, Yld.% (full)	9.53	9.58	9.66	9.63	9.64	9.56	10.90
P/E Ratio (net) (*)	12.79	12.72	12.62	12.66	12.65	12.75	11.00
Total bargains	20,046	20,754	20,045	19,915	19,825	20,760	26,058
Equity turnover £m.	—	219.51	237.06	243.87	236.11	229.00	166.05
Equity bargains	—	17,810	18,749	16,747	17,300	17,751	16,848
Shares traded (ml)	—	137.4	140.6	139.6	138.6	139.6	111.4

10 am 751.5. 11 am 753.2. Noon 753.0. 1 pm 753.2. 2 pm 753.2. 3 pm 752.6.

Basis 100 Govt. Secs. 18/1/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.03.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.70 (11/11)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.41 (7/12)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	753.6 (7/12)	598.4 (12/1)	753.6 (7/12/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.5 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 6	Dec. 5
—Daily Gilt Edged Bargains	173.4	172.4
Equities Bargains	115.4	121.5
Value	443.7	459.0
5-day Avrge Gilt-Edged Bargains	170.9	165.2
Equities Bargains	114.5	113.8
Value	466.7	465.5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 5	Dec 16	Mar 8	Mar 19
Dec 19	Jan 6	Mar 22	Apr 2
Jan 9	Jan 20	Apr 2	Apr 16

For rate indications see end of Share Information Service

Money was given for the call in **Chubb, Low and Bonar, Nimslo, Bula, A. G. Stanley, Burco Dean, London and Liverpool, Scottish and Newcastle, Aran Energy, Southwest Resources, Sterling Guarantee Trust, Sound Diffusion, Strong and Fisher, James Halstead, Energy Capital, Pilkington, W. E. Norton** and **Combined Technologies**. A put was taken out in **Britannia Arrow**, and doubles in **Bowater** and **Alpine Soft Drinks**.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	88	—	15
Corpns. Dom. and Foreign Bonds	17	—	59
Industrials	260	210	927
Financial and Prop.	170	65	288
Oils	19	24	73
Plantations	6	2	12
Mines	38	44	85
Others	46	64	63
Totals	644	409	1,522

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −
140	Nil	—	21/12	10pm	4pm	Aitken Hume	4pm	−1
7	F.P.	—	15/12	10	7¼	Amal. Estates 5p	10	......
58	F.P.	—	19/12	75	64	Arrow Chemicals	75	+1
25	Nil	—	16/12	8½pm	6pm	Barget	10pm	−1
82	F.P.	—	9/12	90	85	Cartwright (R.) 10p	90	......
62	F.P.	—	13/1	71	66	Charterhall 5p	71	......
100	Nil	—	15/12	21pm	15pm	Heywood Williams	21pm	......
30	F.P.	—	9/12	35	31	✱Inn Leisure 5p	34	......
25	Nil	—	30/12	5pm	3pm	Manson Fin. 20p	5pm	......
85	Nil	—	15/12	6pm	5pm	Philcom 10p	5pm	......
95	Nil	—	16/1	8pm	6pm	✱Pineapple Dance 10p	6pm	......
85	F.P.	—	4/1	107	90	Ward White	104	+5
‖	—	—	21/11	169	133	Western Mining Options	168	+2

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ɸ Figures or report awaited. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✱ Unlisted Securities Market. * Comprising of 10 New ordinary plus 1 Series B Warrant.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res.	715	−30
BP	394	+ 6
Gold Fields SA	£14¼	—
Granada A	164	+18
Highgate & Job	110	+44
Latham (J.)	215	+40
Lucas Inds	173	+ 8
Pegler-Hattersley	257	+ 3
Phoenix Assurance	383	− 2
Pilkington Bros	238	−20
Racal Elect	201	+ 5
RTZ	598	+ 6

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Tues. close	Day's change
Cable Wrls ppd	18	100	+ 2
Glaxo	18	760	+15
BTR	17	398	+11
Resource Tech	15	174	+11
Eagle Star	13	702	—
BP (part pd)	11	160	− 2
Prudential	11	464	+12
Racal Elect	11	196	+ 8
Aspinall	10	143	+ 8
GKN	10	173	+ 4
ICI	10	644	+ 2
Midland Bank	10	447	+ 7
Scottish, Nwstl	10	100	+ 3½
Beecham	9	320	—

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (151)

BRITISH FUNDS (3)
CORPORATION LOANS (1)
AMERICANS (6)
CANADIANS (1)
BANKS (3)
BUILDINGS (12)
CHEMICALS (2)
DRAPERY & STORES (7)
ELECTRICALS (6)
ENGINEERING (2)
FOODS (3)
HOTELS (1)
INDUSTRIALS (12)
INSURANCE (3)
LEISURE (2)
MOTORS (4)
NEWSPAPERS (3)
PAPER (1)
PROPERTY (10)
SHIPPING (1)
SHOES (2)
TEXTILES (4)
TRUSTS (58)
OVERSEAS TRADERS (1)
PLANTATIONS (2)
MINES (1)

NEW LOWS (11)

BREWERS (1)
Wolverhmptn. Dudley
CHEMICALS (1)
Amersham Int.
ENGINEERING (2)
Locker (T.) Locker (T.) A N-V
FOODS (1)
Barr (A. G.)
INDUSTRIALS (3)
Bruntons (Mussl.) Ricardo
Lon. & Liverpool Tst.
LEISURE (2)
Leisuretime Int. Tottenham Hotspur
PAPER (1)
Geers Gross

EUROPEAN OPTIONS EXCHANGE

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*394)						
360	42	—	—	4	—	—
390	18	32	40	11	20	26
420	7	18	24	32	42	48

Option	Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
Imperial Group (*134)						
110	27	28	—	0¾	1½	—
120	18	20	—	1½	2½	—
130	9½	11½	15	4½	7	8

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

LOANS—continued

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING

FOOD, GROCERIES, ETC

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	39	Kalamazoo 10p	48		3 33	1.8	9 9	8 1
60	35	Kelsey & Scott Hdgs	45		M1 0	—	2 3	—
21	9½	Keep Trust 5p	12½		‡0.15	—	‡	—
218	140	Kelsey Inds	190		8 0	1 7	6 0	13 1
159	110	Kershaw (A.) 5p	130		‡15 0	0 6	‡	(29 0)
80	39	Kleen-E-Ze Hldgs	69		‡4 5	0 5	9 5	—
101	52	L.C.P. Hldgs	78xd	+2	3 6	1 5	6 6	(12 1)
37	14	LDH Group	27	−½	—	—	—	⊕
132	93	L.R.C. Int. 10p	110	−1	‡2.95	2 6	3 9	12 2
36	17	Lamont Hldgs. 10p	36		†1 3	1 8	5 2	14 1
47	26	Lawtex	40		—	—	—	⊕
480	345	Lep Group 10p	465		17 5	0 3	5.4	63.9
49	22	Lilleshall 10p	48		d1 0	—	3.0	—
350	35	Lon. & Lv. 10p	35xd	−2	‡2.75	3 1	11 2	3.2
135	97	London & Mid'd	112	+1	7 75	1 1	9 9	12.6
110½	38	Lon. & Nthn Grp.	69		F4.2	2 0	8.7	9.7
40	20	Lon Prv Health	20		—	—	—	10 0
65	46	London Inds.	64	+1	1.0	—	2.2	—
142	70	Low & Bonar 50p	142	+4	†5.0	2.8	5.0	(8.8)
48	32½	MCD Group	43½		µ1 0	2.2	3.3	29.9
92	62	MMT Computing 5p	83		1.68	⊕	2.9	⊕
26	16	M.Y. Dart. 10p	23		20.25	—	1.6	—
212	134	M'c'rthy Pb. 20p	140		7.0	2.7	7.1	6.6
148	128	Macfarlane Gp.	130	−1	†3.52	2.1	3 9	15 9
46	13	Macleilan 20p	34		d1.5	1.6	6.3	12.2
63	31	Macpherson (D.)	41		4.2	0.6	14.6	(20.2)
56	42	Magnolia Group	52		2.3	3.2	6 3	6.1
72	68	Mallinson Hdgs. 10p	69		—	—	—	73.6
180	65	Man. Ship Can. £1	135		3.5	6.8	3.8	4 1
77	48	Marley	73		†2.5	0.5	4 9	(49)
47	30½	Marling Ind. 10p	45	−½	1.08	1.7	3.4	(28.5)
34	25	Marshall L'ey. 'A'	31		‡1.2	—	‡	—
70	44	Marshall's Univ	68		8—	—	—	134 2

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
		Australians					
28½	13½	♥ACM 20c	19	−1	—	—	—
52	32	Allstate Expln NL	38		—	—	—
40	9	♥Australis Mng. NL	27		—	—	—
25	11	Balmoral Resources	16		—	—	—
60	34	♥Black Hill Mins.	40		—	—	—
87	51	♥Bond Corp	85		Q10c	⊕	7 5
183	116	♥Bougainville 1 Kina	170	−3	‡Q3 21	1.2	1 2
374	204	♥CRA 50c	366	+4	‡Q3c	—	0.5
145	60	♥Carr Boyd 20c	81	−2	—	—	—
44	25	♥Central Kalgoorlie	40		—	—	—
43	18	♥Central Pacific	22		—	—	—
9	2¼	♥Con. Gold Mng Areas	3¾		—	—	—
17	5	♥Coopers Res. N.L.	9	−½	—	—	—
255	183	♥Crusader Oil	204		—	—	—

Tins

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	22	Admiral Mines	23	+1	—	—	—
90	34	♥Anglo-Dominion	70		—	—	—
93	54	♥Anglo Utd. Dev.	60		—	—	—
400	240	Centennial Minerals	240	−10	—	—	—
172	60	♥Colby Res Corp.	110		—	—	—
620	315	Cons. Murch. 10c	615	−5	‡Q60c	1.9	[illegible]
240	170	Hampton Areas 10p	213		3 75	2.1	2.[illegible]
215	103	♥Highwood Res.	170	+5	—	—	—
£24½	£17½	Homestake Mining $1	£21⅛	+⅛	Q20c	—	0.[illegible]
495	275	Northgate C$1	360	+5	—	—	—
672	437	R.T.Z.	598	−6	†17.0	2.9	4.[illegible]
£147½	£108	Do. 9½% Cv Un Ln '95-2000	£131	+½	Q9½%	32.5	[illegible]
190	13	♥Sabina Inds C$1	70		—	—	—
750	312	♥Tara Expln $1	725	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ⊕ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3)
- ¶ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ✤ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62	......	Fin 13% 97/02	£97¼	+¼
Bdg'wtr Est 50p	310	......	Alliance Gas	92	−1
Craig & Rose £1	£10½	......	Arnott	210	......
Finlay Pkg 5p	41	......	Carroll (P.J.)	101½	+½
Higsons Brew.	87xd	......	Concrete Prods.	80	......
Holt (Jos) 25p	910	......	Heiton (Hldgs.)	15	......
I.O.M. Stm. £1	127	......	Irish Ropes	35	......
IRISH			Jacob	70	......
Exch 12% 1985	£99¾	......	T.M.G.	85	......
Nat 9¾% 84/89	£89½	+¼	Unidare	78	......

OPTIONS

3-month Call Rates

Industrials		House of Fraser	20	Vickers	12
Allied Lyons	13	I.C.I.	45	Woolworth Hld.	30
BOC Grp.	20	"Imps"	11		
B.S.R.	20	I.C.L.	7	**Property**	
Babcock	15	Ladbroke	22	Brit. Land	8½
Barclays Bank	45	Legal & Gen.	45	Cap. Counties	14
Beecham	32	Lex Service	32	Land Sec.	28
Blue Circle	45	Lloyds Bank	40	MEPC	20
Boots	16	"Lofs"	4	Peachey	14
Bowaters	22	London Brick	10	Samuel Props	13
Brit. Aerospace	19	Lucas Inds.	15	Sterling Guar.	4
B.A.T.	14	"Mams"	14		
Brown (J.)	3½	Mrks. & Spncr	20	**Oils**	
Burton Ord.	35	Midland Bank	40	Brit. Petroleum	38
Cadburys	11	N.E.I.	10	Burmah Oil	17
Courtaulds	10	Nat. West. Bank	55	Charterhall	9
Debenhams	14	P & O Dfd	21	KCA	6
Distillers	20	Plessey	19	Premier	6
Dunlop	6	Racal Elect.	20	Shell	55
Eagle Star	45	R.H.M.	7	Tricentrol	22
F.N.F.C.	5½	Rank Org. Ord.	20	Ultramar	65
Gen. Accident	42	Reed Intnl.	32		
Gen. Electric	18	Sears	8	**Mines**	
Glaxo	75	T.I.	13	Charter Cons.	28
Grand Met.	30	Tesco	17	Cons. Gold	58
G.U.S. 'A'	50	Thorn EMI	55	Lonrho	9
Guardian	45	Trusthouse	16	Rio T. Zinc	62
G.K.N.	16	Turner & Newall	7		
Hawker Sidd	28	Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Authorised Units—continued

*Fleming American Property Unit Trust
Latest issue price (15/11) US$10.621.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (25/12) £2.069
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Aust First	113.4	119.4	....	2.74
Brewin Cap	87.2	91.8	+0.2	0.57
Brewin Int	79.3	83.5	+1.1	3.76
Canada Grw	113.3	121.9	+1.0	0.93

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq, Edinbgh 2. 031-225 6001

Carl Sq Fd	57.5	59.5	....	4.4
Pen Shr Fd	14.1	15.1	....	1.9

Offshore & Overseas—continued

INSURANCES

Insurances—continued

Continental Life Assurance PLC
64 High St Croydon CR0 9XN 01-680 5225

EquityAcc	157.5	165.8	....	—
ProptyAcc	151.3	159.3	....	—
IntAcc	150.0	157.9	....	—
ManagdAcc	154.1	162.3	....	—
SpecSits	118.7	125.0	....	—
PenIntAcc	141.8	149.3	....	—
PenPrpAcc	165.4	174.2	....	—
PensEquity	181.5	191.1	....	—

PrimeRes	117.8	124.0	....	—
Deposit	110.0	124.3	....	—
MgdCurrency	96.2	101.3	+0.3	—
GlblHlthCre	94.7	99.7	−0.1	—
Pension Funds				
UK Equity	107.2	112.8	+0.3	—
FixedInt	114.0	120.0	−0.8	—
SpecSits	123.6	130.2	−0.3	—
NAmerica	115.2	121.3	+0.3	—
FarEast	133.0	140.1	+0.6	—
Managed	118.2	124.5	+0.3	—
CommProp	101.4	106.8	....	—
Prime Rest	107.0	112.7	....	—
Deposit	101.4	106.8	....	—

Capital unit prices available on request.

GiltPenFd	190.8	202.2	....	—
GlobalEqPen	58.1	61.5	....	—

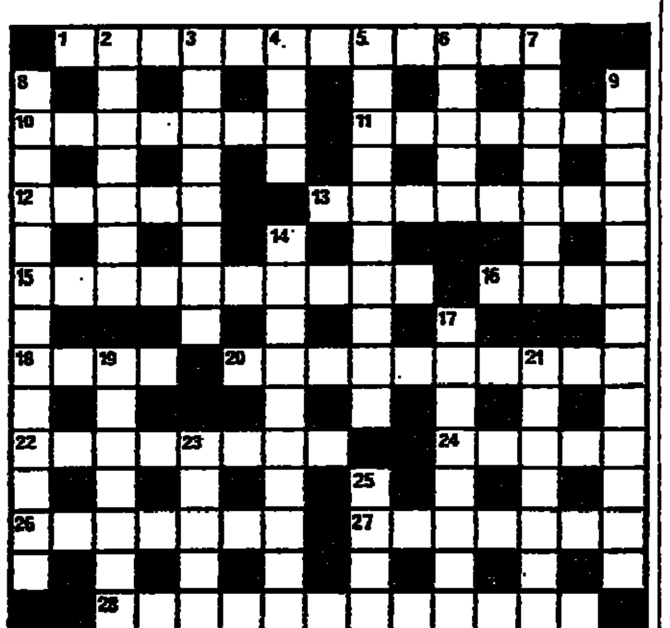
Public Works Loan Board rates

Effective December 7

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Up to 3	10½	10½	10¾	11¼	11¼	11½
Over 3, up to 4	10¾	10½	10¾	11¼	11½	11¾
Over 4, up to 5	10⅞	10⅝	11	11⅜	11⅝	11⅞
Over 5, up to 6	10⅞	10¾	11⅛	11½	11⅝	11⅞
Over 6, up to 7	10⅞	10⅞	11⅛	11½	11⅝	11⅞
Over 7, up to 8	10⅞	11	11⅛	11½	11⅝	11⅞
Over 8, up to 9	11	11	11	11⅝	11⅝	11⅝
Over 9, up to 10	11	11⅛	10⅞	11⅝	11⅝	11⅝
Over 10, up to 15	11⅛	11	10⅝	11⅝	11½	11¼
Over 15, up to 25	10¾	10⅝	10½	11¼	11¼	11
Over 25	10½	10½	10⅜	11	10⅞	10⅞

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

F.T. CROSSWORD PUZZLE No. 5,288



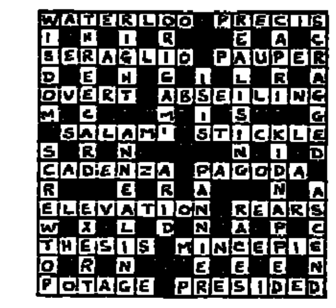
ACROSS

1 Way of getting goods from the window (5-3-4)
10 Look closely at the fly, for example, with soft middle (7)
11 Part of label lining one from Venetian school (7)
12 Took an interest in vehicle by journalists (5)
13 Aural examiner (8)
15 Sportsman should be—with 'elp pouring down (2, 8)
16 Toot out a Germanic name (4)
18 Time to change article? (4)
20 Old footballer round Barnet in a fog capable of being got through (10)
22 Grub and ale ordered after one could be disputed (8)
24 Gathered round an artist from France (5)
26 Get round allotted portion for speech (7)
27 Painter put down printer's units, thus (7)
28 Wound material in descent for scolding (8,4)

DOWN

2 River painter in 24's extremities—a provider fur (4-3)
3 Rising sea in preponderance for racing-track (8)
4 A book for the English stake? (4)
5 Newcomers in society (10)
6 The car moves on wheels! (5)
7 The bachelor's one crude person to assist in financial difficulties (4,3)
8 To record edge in a hill, he's one to draw distinction (13)
9 Words following the introduction? (4,2,4,3)
14 Stresses beneath the railway tracks (10)
17 Grid came in a mess, pulled a face (8)
19 Where rose and bank are from? (7)
21 The group observed what went round with teeth (4-3)
23 Wicked one comes up in existence (5)
25 Two horses twirled (4)

Solution to Puzzle No. 5,287



INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man. Fd.		240.45		—
Managed Inv. Fd.	162.44	170.99		—
Property Fd.	151.83	159.83		—
Fixed Interest Fd.	148.51	156.12		—
Cash Fd.	136.98	144.19		—
Income Fd.	178.18	187.56		—
Extra Income Fd.	165.72	174.45		—
Worldwide Growth Fd.	228.64	240.68		—
Balanced Fd.	179.70	189.16		—
Smlr Co's & Recv. Fd	205.34	216.15		—
Intl. Technology Fd	267.38	281.46		—
Nth. Amer. & Gen. Fd.	165.50	174.22		—
Energy Int. Fd.	103.27	108.71		—
Pacific Basin Fund	142.93	150.46		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	113.7	119.7		—
Property	114.6	120.7		—
Equity	117.1	123.3		—
International	127.1	133.8		—
Fixed Interest	103.5	108.7		—
Deposit	99.9	105.1		—
Managed Pen. Cap.	114.0	120.0		—
Property Pens. Cap.	115.3	121.4		—
Equity Pens. Cap	112.1	118.0		—
Intnl. Pen. Cap.	131.5	138.4		—
Fixed Int. Pens. Cap.	100.7	106.0		—
Deposit Pens. Cap.	97.5	102.7		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 30		97.1		—
Rum. Fed. Nov 6		255.4		—
Managed Pen Fund	196.7	196.5		—
Property Pen Fund	115.1	121.2		—
Index Linkd Pen Fund	111.8	117.7		—
Managed	129.5	130.0	+0.4	—
Property	104.5	110.1		—
Gilt and Fixed Interest	108.4	114.3	+0.5	—
Index-Linked	98.2	103.4	−0.1	—
Equity	122.5	129.0	+0.9	—
Cash	104.5	110.1		—
Midland Bk. Unit Tst.	120.5	126.9	+0.2	—

G.T. Management Ltd.
16 Finsbury Circus, Lond EC2M 7DJ. 01-628 8131

G.T. Plan Bond Fund	125.4	132.1	+0.1	—
GT Pln High Yld Fnd	123.2	129.7		—
GT Plan Far East Fnd	120.8	127.2		—
GT Plan N. Am Fd	140.9	148.4		—
GT Pln UK&G.E. Fnd	137.4	144.7		—
GT Pln Wrldwde Fnd.	140.3	147.7		—
GT Pension Bnd Fnd.	135.7	142.9		—
GT Pen High Yld Fd	140.4	147.8		—
GT Pen Far East Fd.	148.2	156.0		—
GT Pen N. Am. Fd.	206.8	217.7		—
GT Pen UK & G.E. Fd	159.7	168.2		—
GT Pen Worldwide Fd	150.0	157.9		—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0739

Intl. Managed Bond	166.9	175.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.		256.3		—
Portfolio Fd. Intl.		209.8		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd.	278.3	293.0		—
Money Fd.	156.1	164.4		—
Equity Fd.	237.8	250.4		—
Fixed Int. Fd.	119.7	126.1		—
Property Fd.	173.8	182.3		—
Managed Pen. Fd.	256.3	270.1		—
Equity Pension Fd.	186.0	196.0		—
Fixed Int. Pen. Fd.	166.2	175.1		—
High Yield Pen. Fd.	163.8	172.6		—
Money Pension Fd.	129.2	136.0		—
Property Pension Fd.	128.2	135.1		—
Gresham/Framlington				
American & Gen. Fd.	259.5	273.4		—
Income Fd.	188.4	198.5		—
Int'l. Growth Fd.	276.3	291.2		—
Capital Fund	198.9	209.6		—

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	20.5	21.4		—
Chinese Fund	66.4	68.1		—
Precious Metal Fund.	119.3	120.2		—
Vanguard Cmdy. Fd.	33.7	34.6		—
Financial Futures Fd.	62.9	65.4		—
Wren Intl Fnd.*	$0.438	0.457		—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ø Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

Comex go-ahead for aluminium

BY OUR COMMODITIES STAFF

THE New York Commodity Exchange (Comex) will today launch the first aluminium futures market in the U.S. after receiving the go-ahead for the contract from the Commodity Futures Trading Commission.

The market is to be opened formally by Miss Sue Phillips, *chairman of* the CFTC, since it is the first contract to be approved since she took the chairmanship of the commission.

Mr Michael Brown, chairman of the London Metal Exchange management committee, will also attend the opening. The market is expected to provide considerable arbitrage business with the London futures contract which was introduced just over five years ago.

The Comex contract, however, differs from London's. It will trade in lots of 40,000 lbs whereas the LME lots are 25 tonnes, equal to over 55,000 lbs. The New York contract will also be quoted 25 months ahead against three months forward in London and will be in cents per lb. The first quoted month will be March next year, with no spot trading until then.

Meanwhile aluminium values advanced again on the London Metal Exchange yesterday as London traders prepared for the opening of the New York contract. But the main influence on all London metal prices was the further decline in the value of sterling against the dollar. This brought a generally firmer tone although in real terms prices were not much changed.

However underlying sentiment remains bullish in the aluminium market. News that two U.S. producers, Alcoa and Reynolds, had lifted their domestic prices for fabricated products by 5 per cent led to speculation that ingot prices may be raised too in the New Year.

UHT milk falls foul of trading standards

THE FIRST consignment of imported UHT (ultra heat treated) milk to be allowed into Britain has fallen foul of trading standards regulations after passing health and hygiene tests.

Importers of the milk, from a French co-operative dairy, have been allowed to remove it from Newhaven port, where it was held while tests were carried out, but will not be able to sell it for human consumption because the water content is too high.

Britain opened the way for milk imports last month after the European Court ruled that its previous total ban was illegal.

● BRAZIL is to phase out export taxes on cotton, cocoa, soyabeans, maize, meat and sisal between now and April 1, 1984, Sr Carlos Viacava, director of the Banco do Brazil's foreign trade department said yesterday.

● AVERAGE price of all tea sold at the London auction on Monday was 250.91p a kilo, down from 255.41p last week.

● GRAIN consultations between the U.S. and Soviet Union will take place on January 24 and 25 in the UK. The U.S. Administration says no decision has been made on whether to offer the Soviet Union additional grain.

● ROYAL Smithfield Show's supreme champion, an 18-month-old cross-bred steer weighing 1,250 lb, was auctioned yesterday for £14,000 equalling last year's record price.

The Charolais - Aberdeen Angus cross, called Cheers, was bought by Yirrell's, a family butchers' of Leighton Buzzard, from Mr John Lascelles who farms at Carnoustie, Angus.

● MEAT and Livestock Commission has published the latest edition of its Beef Yearbook containing 100 pages of facts on the industry. It costs £6.

New pricing system for potatoes urged

BY JOHN EDWARDS

THE NEED to change the price support system for potatoes in the UK was stressed by Mr Arnold Hitchcock, newly-elected chairman of the Potato Marketing Board yesterday.

Addressing a crowded annual meeting of the board in London, Mr Hitchcock said the potato industry was operating in an environment where the taxpayer was becoming increasingly resistant to supporting agricultural incomes.

The Government had already frozen the guaranteed price for potatoes for the last six years at the 1978 level. The link between the levy rate on producers and the guarantee price had restricted the board's ability to raise its own level of funding to undertake its job effectively. It was no good looking to the Government to resolve the longer-term difficulties facing them.

Other changes in the structure of the potato industry posed indirect threats to price stabilisation mechanism. The concentration of processing into the hands of multinational organisations had completely changed the scale of trading in potatoes and their consumer derivatives.

At the same time stabilisation arrangements in Britain could not be determined independently of European price levels and would also have to be compatible with EEC requirements.

Mr Hitchcock said he had set a target of introducing a new scheme in the 1985 crop year, since they had financed assurances from the Government only up to 1984. It was hoped to present the board's proposals, culled from the many suggestions it had received from growers, at a special meeting on January 17.

No firm decisions had yet been made. However the board had clarified four main objectives to be achieved under any new scheme.

The first was to maximise market growth in terms of added value as well as volume.

The second was to make the best use of existing trade institutions and merchant skills.

The third was to develop the independence of growers to direct and finance their own operations as well as the profitable exploitation of alternative outlets for potatoes. Nevertheless it was still important that the Government should be committed in any new scheme to a fall-back role in underwriting the industry.

The fourth should be to utilise funds in the most cost effective way. It was essential, therefore, to re-examine the mechanisms that have traditionally triggered intervention into the market.

The future debate would determine the shape of the support system, Mr Hitchcock said. When the various options had been drawn into firm proposals, they would be put to the rest of the industry, consumers and government as well as to a poll of producers.

Meanwhile growers at the meeting were more concerned with the threat posed by imports, especially to early potatoes. One delegate suggested that it was "the Lord, not the board who had saved growers from disaster this year in cutting supplies through bad weather.

U.S. bid to halt import of titanium thwarted

By Nancy Dunne in Washington

OFFICIALS at the General Services Administration, which oversees the U.S. strategic stockpile, say they will not defer plans to buy titanium sponge from Japan despite a plea from a high official at the Commerce Department.

Mr Lionel Olmer, Commerce Department Trade Secretary, said in a letter to Mr Gerald Carmen, GSA Administrator, that a dumping investigation by the department was likely and that further action by the GSA on procurements of titanium sponge from Japan should await the outcome.

However, a senior GSA official said the contract—awarded in late October to Japanese, British and American bidders and worth $20m (£14m)—was valid "and I see no reason why we should delay it."

The dumping complaint was filed by RMI, a large Ohio titanium producer and an unsuccessful bidder for the stockpile contract. RMI has so far been unable to convince U.S. courts to delay the contract.

Contracts were awarded by GSA to Billiton of the UK, Philip Brothers representing a Japanese consortium, and Timet of Pittsburgh. Foreign producers were awarded about 80 per cent of the 9m lb contract, although the GSA is required "to develop domestic sources of supply where possible."

In its complaint filed with the International Trade Commission and the Commerce Department, RMI said Japanese and British producers were dumping titanium on a market which was experiencing a severe recession. Since 1981 the loss of a 10 per cent market share to dumped import competition had had a sharp adverse impact on the U.S. industry.

Sugar use 'will rise by 2%'

WASHINGTON—World consumption of sugar in the September 1983-August 1984 season is forecast to be 93.9m tonnes, up 2 per cent from the previous season's level, the U.S. Agriculture Department said yesterday.

In a Foreign Agriculture circular on sugar, the department said the increase is mainly the result of higher consumption levels in many developing countries in Latin America, Africa, the Middle East and Asia.

It repeated an earlier forecast for world production of 94.7m tonnes.

Despite the fact that production and consumption would be in rough balance during the 1983-84 season, huge surpluses built up over the past two seasons would overhang the market and effectively preclude a sharp increase in prices over the next several months, the department said.

Stocks on September 1 this year were estimated at 45.4m tonnes, or 49 per cent of consumption. Given the current outlook, stocks at the end of the 1983-84 season should total around 46m tonnes.

● In Brussels yesterday the EEC said that at its weekly selling tender it authorised the export of 68,250 tonnes of white sugar at a maximum export rebate of 32.76 ECUs per 100 kilos.

Talks open on rice dumping allegation

BY ROBERT KING IN TAIPEI

TALKS between the U.S. and Taiwan about the alleged dumping of Taiwanese rice on international markets open in Taipei today. The outcome could indirectly affect Taiwan's status under the U.S. Generalised System of Preferences.

The U.S. Rice Millers' Association has filed a petition with the U.S. International Trade Commission charging Taiwan with flooding international markets with subsidised rice and so hitting sales of American rice abroad.

Taiwan will export about 550,000 tonnes of rice this year. This is a ceiling set under an earlier agreement with the U.S., and one that is up sharply from last year's exports of about 300,000 tonnes.

The U.S. is thought to be seeking a commitment from Taiwan which will set limits on the amount of rice that can be exported at below-market prices over the next few years.

Lack of such an agreement could serve as further ammunition for American legislators who are concerned about Taiwan's huge trade surplus with the U.S.—likely to reach $6bn (£4bn) this year—and commercial counterfeiting.

Bills have already been submitted in the U.S. legislature which would affect Taiwan's status under the General System of Preferences, whereby certain newly developing countries receive preferential duty treatment on some items exported to the U.S.

The surge in Taiwanese rice exports is largely due to a programme under which the Taiwan Government buys a certain percentage of farmers' crops each year at a fairly high price to provide a national reserve against emergencies.

Slackening demand for rice in Taiwan as eating habits change have left the Government with overflowing warehouses over the past few years, forcing it to sell off surpluses at prices the U.S. claims are well below fair market levels.

●Uruguay's rice output in the crop year Dcember 1983-November 1984 is estimated at 337,500 tonnes against 332,000 tonnes last season, rice industry sources told Reuters in Montevideo.

The area to be sown this year is 75,000 hectares against 69,900 in 1982-83, but yields per hectare are expected to fall to 4.5 tonnes from 4.75 tonnes because heavy rains delayed sowings.

Exports from the crop to be harvested in April-May are forecast at 280,000 tonnes.

Cocoa price upsurge continues

THE UPSURGE in London cocoa futures prices continued yesterday lifting nearby positions to the highest levels since June 1979.

Renewed weakness of sterling was a major influence but the market remained bullish in its own right reflecting uncertainty about West African crop prospects.

Chart-inspired speculative buying was quoted by traders as one reason for yesterday's price rise, which lifted the March quotation £30 to £1,736.50 a tonne. The price reached £42 a tonne at one stage but was trimmed back by profit-taking.

The size of the crucial Ivory Coast crop remains uncertain following drought and bush fires early in the season.

PRICE CHANGES

In tonnes unless stated otherwise	Dec. 7 1983	+ or —	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt	$1570/1600	......	$1480/510
Copper			
Cash h grade	£999	+4.5	£918.50
3 mths	£1023.75	+5	£941.75
Cash Cathode	£982.5	+4.25	£902.25
3 mths	£1005.5	+3.5	£925.50
Gold troy oz.	$399.875	+2	$888.375
Lead Cash	£282.625	+0.375	£267.25
3 mths	£292.25	−0.125	£277.25
Nickel	£4646.54	......	£4646.54
Free Mkt	205/225c	......	205/225c
Palladium oz.	$166.25	+1.75	$149.50
Platinum oz.	£279.50	+1.15	£260.95
Quicksilver†	$305.315	......	$310/320
Silver troy oz.	660.80p	+3.00	602.95p
3 mths	674.60p	+2.95	615.80p
Tin cash	£8695	−10	£8592.5
3 month	£8830.5	+5	£8705.5
Tungsten	$76.08	......	$78.25
Wolfr'm 22.04 lb	$68/72	+0.5	$72 77
Zinc Cash	£596.5	+2.5	£571.25
3 mths	£611.125	+8.5	£584.25
Producers	$950	......	$925

	Dec. 7 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$950x	+5	$910
Groundnut	‡	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$685v	+5	$660
Seeds			
Copra Phil	$625x	......	$580
Soyabean (U.S.)	$307.5	......	$341.25
Grains			
Barley Fut. Mar	£123.60	......	£119.50
Maize	£146.00	......	£146.00
Wheat Fut. Mar	£124.40	+0.20	£122.70
No 2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1797	+25	£1593
Fut. March	£1736.5	+30	£1538.5
Coffee Ft. Mar	£1952.5	+19.5	£1847.5
Cotton A.Index	89.30c	......	89.15c
Gas Oil. Jan.	$243.25	−1.00	$257.25
Rubber (kilo)	83p	......	78.75p
Sugar (Raw)	£139x	−1	£143
Wooltops 64s	406p kilo	......	401p kilo

‡ Unquoted. v Jan. x Dec-Jan. y Nov-Dec. † Per 75 lb flask. * Ghana cocoa n Nominal. c Cents per pound. per pound.

LONDON OIL

Bearish U.S. stock figures brought gas oil in about $1.00 lower and news from Nigeria put further pressure on prices. On the re-opening the market found some support at the contract lows.

Crude oil prices also weakened on the Nigerian news, reports Premier Man.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.20-28.30	−0.07
Iranian Light	27.90-28.05	—
Arab Heavy	26.25-26.35	−0.02
North Sea (Forties)	28.50-28.65	−0.05
North Sea (Brent)	28.68-28.75	−0.02
African Bonny L'ht	28.80-29.00	−0.02
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	278-283	−1.5
Gas oil	246-254	−0.5
Heavy fuel oil	168-172	—

CRUDE OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per brl		
Feb	28.14	−0.23	28.14
Mar	28.05	−0.25	28.05
Apr	28.00	−0.21	28.15-28.00
May	27.98	−0.24	28.11-27.95
June	28.02	−0.22	—

Turnover: 115 (130) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Dec.	244.50	+0.50	244.75-42.25
Jan	243.25	−1.00	245.50-41.00
Feb	240.75	−1.25	241.75-39.75
Mar	236.25	−1.25	237.00-34.75
April	233.00	−1.25	235.00-31.50
May	232.50	−0.75	232.50-31.00
June	232.00	−1.25	232.50-32.00
July	235.00	−1.50	231.75
Aug	242.50	+9.50	—

Turnover: 3,245 (1,991) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2 an ounce from Tuesday's close in the London bullion market yesterday to finish at $399¾-$400¼. The metal opened at $400-400½, its best level of the day and lost ground to touch a low of $399-399½. Trading was fairly quiet with lack of fresh news prompting a slightly softer trend.

In Paris the 12½ kilo bar was fixed at FFr 106,750 per kilo ($399.79 per ounce) in the afternoon compared with Fr 106,750 ($399.85) in the morning and FFr 106,500 ($398.28) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 35,300 per kilo ($401.53 per ounce) against DM 35,130 ($399.00) and closed at $399¾-400 from $396¾-397½.

In Luxembourg the dollar per ounce equivalent of the 12½ per kilo bar was $400.00 from $397.25.

In Zurich gold finished at $399¾-400¼ from $397½-397¾.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Dec	400.10-01.0	+1.80	400.50
Feb	405.50-05.6	+1.75	406.60-05.7
April	411.80-12.2	+1.70	412.80-12.0
June	417.50-21.0	+2.30	—
Aug	426.10-28.0	+4.05	—
Oct	434.00-36.5	+5.25	—

Turnover: 338 (441) lots of 100 troy ounces.

	Dec. 7		Dec. 6	
Gold Bullion (fine ounce)				
Close	$399½-400¼	(£277¼-277¾)	$397½-398¼	(£274-274½)
Opening	$400-400½	(£276½-277)	$397½-398¼	(£274½-275¼)
Morning fixing	$399.75	(£275.937)	$398	(£275.147)
After noon fixing	$399.75	(£275.785)	$397	(£273.982)

Gold and Platinum Coins Dec. 6

Krugrnd	$411½-412¼	(£285½-286)	King Sov	$96½-98	(£67-68)
½ Krg	$212¼-213	(£147¼-147¾)	Victoria Sov	$96½-98	(£67-68)
¼ Krg	$108¼-109	(£75-75½)	French 20s	$77¾-80	(£54-55½)
1/10 Krug	$44¼-45	(£30¾-31¼)	50 pesos Mex	$485-487	(£336½-337¾)
Mapleleaf	$411¾-412¼	(£285¾-286)	100 Cor. Aust	$389-393	(£269½-272¾)
New Sov	$94-94½	(£65¼-65¾)	$20 Eagles	$540-550	(£374-381½)
½ New Sov	$56¼-57	(£39-39½)	Noble (Plat)	$419½-424	(£290¼-293½)

EUROPEAN MARKETS

ROTTERDAM, December 7.

Wheat—(U.S. $ per tonne): U.S. Two Red Winter Jan 157.50, Feb 160, March [illegible]

Soyameal—(U.S. $ per tonne): 44 per cent afloat 252, Dec 252, Jan 256.50, Feb/March 261, Jan/March 259.50, [illegible]

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES generally gained a little ground on the London Metal Exchange, helped later in the day by the fall in sterling to a new all-time low. Copper opened firmer, and advanced steadily to £1,025.5, the highest level of the day. Lead was finally £293, Zinc £610, Aluminium £1,115 and Nickel £3,340. Tin was supported at £8,820 and touched a high of £8,831 before closing at £8,827.5.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	992.5-3	+4	998.5-9.5	+4.6
3 months	1017.5-8	+4.5	1023.5-4	+5
Settlem't	993	+4	—	—
Cathodes				
Cash	976.5-7	+4.25	982-3	+4.25
3 months	1001.5-2	+4.25	1005-6	+3.5
Settlem't	977	+4	—	
U.S. pro'd	—	—	*68-73	......

Amalgamated Metal Trading reported that in the morning higher grade three months copper traded at £1,020, 19, 18, 17.50, 17, 17.50, 18. Cathodes: Cash 976.50. Three months £1,007.50. Kerb: Higher Grade: Three months £1,019. Afternoon: Higher Grade: Three months £1,024, 23.50, 23, 22.50, 23, 23.50, 24. Cathodes: Three months £1,006. Kerb: Higher Grade: Three months £1,024, 24.50, 24, 23.50, 24, 24.50, 25. Turnover: 31,950 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8740-5	+18	8746-50	−4.5

SILVER

Silver was fixed 3p an ounce higher for spot delivery in the London bullion market yesterday at 660.80p. U.S. equivalents of the fixing levels were: spot $9.566, up 6.4c; three-month $9.783, up 6.4c; six-month $10.033, up 5.4c; and 12-month $10.562, up 7.7c. The metal opened at 665-667½p ($9.61-$9.65) and closed at 662½-665p ($9.54-$9.58).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	660.80p	+3.00	659.5p	+1.25
3 months	674.60p	+2.95	674.5p	+1.75
6 months	690.55	+2.05	—	......
12 months	723.25p	+5.65	—	......

LME—Silver (2,000 oz. contract) — Three months 674.5p (same). Turnover: 0 (0).

Turnover: 99 (101) lots of 10,000 oz. Morning: Large contract three months 675.5. Kerb: large three months 676.0. Afternoon: large three months 676.0, 75.0. Kerb: three months large 676.0, 75.0.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec.	1748-50	+40.0	1751-17
March	1736-37	+30.0	1742-08
May	1731-32	+29.5	1736-04
July	1719-20	+22.0	1723-85
Sept	1707-08	+22.5	1709-76
Dec.	1691-93	+9.5	1700-68
March	1685-95	+6.5	1690-73

Sales: 8,742 (9,001) lots of 10 tonnes. ICCO—Indicator prices (U.S. cents per pound). Daily price for Dec 7: [illegible]

lows to close around mid range, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb.	163.50	163.50	162.50
April.	191.70	194.50	194.00-190.0
May	197.70	199.80	198.00-197.0
Nov.	80.50	79.50	79.50
Feb.	87.50	87.60	86.50

Sales: 871 (274) lots of 40 tonnes.

RUBBER

The London physical market opened unchanged, attracted little interest throughout the day and closed quiet and slightly easier, reported Lewis and Peat. The Kuala Lumpur December fob price for RRS No. 1 was 263.5 (same) cents a kg and SMR 20 223.0 (224.0).

No. 1 R.S.S.	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Jan.	836-840	836-848	—
Feb.	832-840	835-845	—
Jan Mch	831-833	834-835	834-832
Apl-Jne.	841-843	844-845	847-841
Jly-Sept	853-854	854-855	854-852
Oct.Dec	863-865	865-867	865
Jan Mch	873-876	874-877	—
Apl-Jne.	883-887	885-889	—
Jly-Sept	895-900	897-902	—

Sales: 99 (51) lots of 15 tonnes, nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were spot 83.00p (same); Jan 83.25p (83.50p); Feb 83.75p (84.00p).

SOYABEAN MEAL

The market opened unchanged in quiet conditions, reports T. G. Roddick. Prices eased in mixed selling before steadying on weaker sterling.

	Yestday's close	+ or —	Business Done
	£ per tonne		
Dec.	—		—
Feb.	183.50-84.70	+0.50	184.00-83.00
April	186.30-87.00	+0.85	186.40-85.50
June	181.70-82.50	−0.15	182.00
August	181.70-82.50	−0.35	182.00
October	171.50-75.00	−0.65	172.00
Dec.	161.50-64.50	+0.50	—

Sales: 232 (212) lots of 100 tonnes.

SUGAR

The market was contained within a narrow range in quiet trading conditions, reports C. Czarnikow.

MEAT/FISH

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.60-£9.00, codlings £4.00-£5.50; small haddock £3.20-£3.70; large plaice £5.70, medium £5.50-£6.00, best small £5.40-£6.00; skinned dogfish (large £11.00, (medium) £8.00; lemon sole (large) £15.66, (small) £11.00; rockfish £4.20-£4.90.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 96.71p per kg lw. GB—Sheep 155.64p per kg est dcw (+8.23). GB—Pigs 77.25p per kg lw (+1.05).

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 82.3-87.7; Ulster hindquarters 97.0-104.5, forequarters 53.7-58.5. Lamb—English small 69.0-72.5, medium 67.0-68.5, heavy 63.3-66.0: Imported: New Zealand PL 59.0-60.0, PX 56.5-57.5. Pork—English under 100 lb 46.0-56.0, 100-120 lb 49.5-54.5, 120-160 lb 45.0-51.0.

INDICES

FINANCIAL TIMES

Dec. 6	Dec. 5	M'th ago	Y'ar ago
288.14	287.92	285.67	234.28

(Base: July 1 1952=100)

REUTERS

Dec. 7	Dec. 6	M'th ago	Y'ar ago
1941.2	1940.7	1893.8	1582.0

(Base: September 18 1931=100)

MOODY'S

Dec. 6	Dec. 5	M'th ago	Year ago
1034.8	1033.7	1008.4	998.1

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Dec. 6	Dec. 5	Month ago	Year ago
Spot	137.74	137.35	135.66	133.76
Fut's	144.82	144.59	143.97	138.89

(December 31 1931=100)

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Satsumas—Spania: 3.00-3.40. Clementines—Corsican: 2.50-3.40; Spania: 82/120 3.80-4.20, 132/168 3.60-3.80, 182/210 3.40-3.50: Moroccan: 1's 4.40, 2's 4.00-4.30, 3's 3.80-4.00, 4's 3.60, 5's 3.50. Oranges—Spania: 42/48/54/60 4.50-4.80, 70/80/90 4.80-5.00, 100/110/120 5.00-5.20: Greek: 15 kg 4.50-4.80: Moroccan: 48 4.40, 54 4.50, 63 4.60, 70/80 4.60-4.70, 96 5.00; [illegible]

AMERICAN MARKETS

NEW YORK, December 7

Gold and silver firmed in late trading as the market's inability to break in recent sessions and reports of Syrian threats against U.S. aircraft brought in fresh buying interest. Copper firmed in sympathy with precious metals as short-covering developed on the failure to react to the build-up in Comex exchange stocks. The Indian selling tender remained a depressing influence on sugar values. Low purchase figures from Ghana promted keen speculative buying in cocoa. Coffee was featureless with speculative buying developing on constructive technical patterns. Cotton encountered resistance on rallies on reports of better cash sales by producers. Heating oil sold off sharply in response to surprisingly bearish statistics on distillate stocks; in addition, news coming out of the Opec meeting indicatess concensus towards the status quo on quotas and prices. Soyabeans and maize rallied sharply on the close for very impressive gains on short-covering and commercial and professional buying, reports Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2353	2369	2311	2335
March	2363	2370	2310	2338
May	2361	2365	2316	2340
July	2365	2355	2315	2338
Sept	2347	2345	2300	2340
Dec	2339	2330	2295	2345
March	2345	2325	2325	2358

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	153.45	53.49	53.05	53.20
March	147.50	47.51	47.00	46.91
May	141.53	41.75	41.25	41.05
July	138.60	38.79	38.50	38.10
Sept	135.80	36.25	35.80	35.75
Dec	133.00	33.76	33.40	32.82
March	132.88	31.75	31.40	32.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	65.85	66.00	65.20	65.40
Jan	66.25	65.85	65.65	65.85
Feb	66.90	—	—	66.50
March	67.55	67.80	66.85	67.16
May	68.90	69.00	68.15	68.45
July	70.25	70.35	69.50	69.80
Sept	71.60	71.40	70.95	71.15
Dec	73.65	73.50	73.00	73.20
Jan	74.35	—	—	73.90
March	75.70	75.35	75.15	75.25

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	994.5	997.0	952.0	959.5
Jan	1005.0	999.0	972.0	966.5
Feb	1007.0	—	—	973.5
March	1016.0	1020.0	971.0	981.0
May	1033.7	1039.0	988.0	998.0
July	1051.5	1052.0	1009.0	1015.0
Sept	1069.8	1060.0	1025.0	1032.8
Dec	1097.8	1110.0	1055.0	1060.0
Jan	1107.1	—	—	1069.0
March	1125.7	1101.0	1085.0	1087.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	8.65	8.70	8.60	8.88
March	9.22	9.36	9.21	9.43
May	9.51	9.68	9.50	9.69
July	9.81	9.94	9.81	9.97
Sept	10.03	10.19	10.14	10.16
Oct	10.23	10.35	10.22	10.37
Jan	10.58	10.85	10.85	10.68
March	11.25	11.33	11.23	11.33

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	64.50	64.90	63.85	63.67
Feb	64.22	64.60	63.90	63.85
April	65.45	66.17	65.40	65.75
June	65.95	66.55	65.90	66.32
Aug	64.57	65.17	64.55	64.95
Oct	62.55	62.85	62.55	62.80

LIVE HOGS 30,000 lbs, cents/lb

COTTON 50,000 lbs, cents/lb

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Record low for sterling

Demand for dollars from Middle Eastern buyers pushed the U.S. currency up once again yesterday afternoon, and left sterling at a record low. U.S. M1 money supply is expected to show a slight fall this week, but an increase possibly of up to $7bn is expected next week. This, coupled with speculation that the Federal Reserve may be forced to tighten the monetary reins because of inflationary pressure from fast economic growth, continued to underpin the dollar, while the tension in the Lebanon also kept the currency firm.

The dollar rose to DM 2.7330 from DM 2.72875 against the D-mark; FFr 8.2925 from FFr 8.2825 against the French franc; SwFr 2.18925 from SwFr 2.17925 in terms of the Swiss franc; and Y233.95 from Y233.925 against the Japanese yen. Its trade weighted index on Bank of England figures rose to 129.6 from 129.3.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4420. November average 1.4773. Trade-weighted index 82.9, compared with 82.8 at noon, 82.7 in the morning, 82.8 at the previous close, and 86.8 six months ago.

The pound fell to a record closing low of $1.4415-1.4425 against the dollar, a decline of 75 points on the day, and weakened further in New York after the London close, touching $1.4350. Sterling also fell to DM 3.9425 from DM 3.9575; FFr 11.9550 from FFr 11.9950; SwFr 3.16 from SwFr 3.1625; and Y337.75 from Y339.25. Apart from nervousness about the Opec meeting in Geneva, and the effect on oil prices, there was no new factor to depress the pound, with the market reacting favourably to news of the UK current account surplus for the third quarter of £603m, compared with an original estimate of £102m.

D-MARK—Trading range against the dollar in 1983 is 2.7435 to 2.3320. November average 2.6847. Trade weighted index 124.4 against 127.2 six months ago.

The dollar retained its firm undertone in Frankfurt yesterday but failed to breach a 10-year high in the absence of further developments in the Middle East. The U.S. unit improved from an opening level of DM 2.7330 but demand soon petered out and it was fixed at DM 2.7347 down from Tuesday's fixing of DM 2.7374, its highest fixing level for nearly ten years. The Bundesbank sold $34.7m at the fixing but was not detected in the open market. Bribery charges against the West German Economics Minister and little progress in the latest arms limitations talks remained as background factors undermining the D-mark.

Sterling was fixed higher at DM 3.9580 from DM 3.9550 but the Swiss franc eased a little to DM 1.2518 from DM 1.2521. The Belgian franc was firmer at DM 4.9310 per BFr 100 from DM 4.9290 as was the French franc at DM 32.93 per FFr 100 compared with DM 32.915.

BELGIAN FRANC — Trading range against the dollar in 1983 is 5.55 to 45.90. November average 54.53. Trade weighted index 89.8 against 92.6 six months ago.

The Belgian National Bank spent the equivalent of BFr 11.1bn in the week up to last Monday in support of the Belgian franc. Continued dollar strength depressed the D-mark but the Belgian franc remained weak against the French franc despite the recent one point rise in the Belgian discount rate. At yesterday's fixing in Brussels the dollar slipped to BFr 55.4450 from BFr 55.5075 while sterling improved to BFr 80.2465 from BFr 80.2050. Within the EMS the French franc rose to BFr 6.6762½, up from BFr 6.6732½ and close to its upper limit of BFr 6.680. The D-mark was weaker, however, at BFr 20.2755 from BFr 20.2775.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.8818	+2.18	+1.59	±1.5447
Danish Krone ...	8.14104	8.20220	+0.75	+0.16	±1.6425
German D-Mark	2.24184	2.26343	+0.96	+0.37	±1.0842
French Franc ...	6.87456	6.87296	−0.02	−0.61	±1.4052
Dutch Guilder ...	2.52595	2.53432	+0.33	−0.26	±1.4964
Irish Punt	0.72569	0.727301	+0.22	−0.37	±1.6699
Italian Lira	1403.49	1371.65	−2.27	−2.27	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York—Latest

	Dec. 7	Previous
Spot	$1.4390-4405	$1.4510-4520
1 month	0.09-0.13 dis	0.10-0.12 dis
3 months	0.22-0.27dis	0.24-0.26 dis
12 months	1.08-1.23 dis	1.04-1.11 dis

£ forward rates are quoted in U.S. cents discount.

THE POUND SPOT AND FORWARD

Dec 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4400-1.4510	1.4415-1.4425	0.08-0.13c dis	−0.87	0.25-0.30dis	−0.76
Canada	1.7815-1.8030	1.7935-1.7945	0.06-0.16c dis	−0.73	0.16-0.26dis	−0.47
Nethlnd.	4.41-4.45	4.41½-4.42½	1¼-⅛c pm	2.71	3⅞-3 pm	2.84
Belgium	79.85-80.50	79.90-80.00	10-20c dis	−2.25	35-45 dis	−2.00
Denmark	14.28-14.37½	14.29-14.30	2.35-3.35ore dis	−2.39	3.85-4.85dis	−1.23
Ireland	1.2700-1.2790	1.2710-1.2720	0.30-0.38p dis	−3.21	0.85-1.00dis	−2.91
W. Ger.	3.93¾-3.97½	3.93½-3.94½	1¼-⅛pf pm	2.66	3¼-2¼ pm	2.92
Portugal	187.60-189.25	187.75-188.25	125-335c dis	−14.68	465-980dis	−15.37
Spain	226.80-228.40	226.80-227.00	230-260c dis	−12.98	635-700dis	−11.77
Italy	2,385¾-2,403¼	2,387¼-2,389¼	13½-15½ lire dis	−7.28	43½-46½dis	−7.53
Norway	10.99-11.06	10.99¾-11.00¾	3¼-4¼ore dis	−4.29	9¾-10½ dis	−3.68
France	11.94½-12.04½	11.95-11.96	3-4c dis	−3.51	10½-12 dis	−3.76
Sweden	11.53-11.63	11.54¼-11.55¼	2.45-3.00ore dis	−2.83	6.75-7.40dis	−2.45
Japan	335¾-340¼	337¼-338¼	0.60-0.50y pm	1.95	2.20-2.10 pm	2.55
Austria	27.75-27.98	27.75-27.80	6⅛-5⅛gro pm	2.57	21⅞-18⅞ pm	2.90
Switz.	3.15-3.18	3.15½-3.16½	1⅝-1⅛c pm	5.22	4⅛-3⅛ pm	5.06

Belgian rate is for convertible francs. Financial franc 80.95-81.05. Six-month forward dollar 0.50-0.55c dis, 12-month 1.10-1.20c dis.

THE DOLLAR SPOT AND FORWARD

Dec 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4400-1.4510	1.4415-1.4425	0.08-0.13c dis	−0.87	0.25-0.30dis	−0.76
Ireland†	1.1355-1.1400	1.1380-1.1390	0.22-0.19c pm	2.16	0.61-0.56 pm	2.06
Canada	1.2430-1.2450	1.2445-1.2450	0.03-0.01c pm	0.19	0.08-0.06 pm	0.22
Nethlnd.	3.0580-3.0680	3.0640-3.0660	1.00-0.90c pm	3.72	2.81-2.71 pm	3.60
Belgium	55.40-55.48	55.46-55.47	4½-6c dis	−1.14	18-21 dis	−1.41
Denmark	9.9060-9.9225	9.9175-9.9225	1-1½ore dis	−1.51	1-1½ dis	−0.50
W. Ger.	2.7300-2.7410	2.7325-2.7335	0.84-0.79pf pm	3.57	2.55-2.50 pm	3.69
Portugal	130.20-130.75	130.30-130.60	70-180c dis	−11.50	300-625dis	−14.18
Spain	157.25-157.50	157.30-157.40	145-150c dis	−11.53	410-460dis	−11.06
Italy	1,655½-1,657½	1,656½-1,657½	9-9½ lire dis	−6.70	28½-29½dis	−6.97
Norway	7.6175-7.6350	7.6300-7.6350	2.10-2.40ore dis	−3.54	5.90-6.10dis	−3.12
France	8.2875-8.3175	8.2900-8.2950	1.80-1.90c dis	−2.67	6.30-6.50dis	−3.11
Sweden	8.0040-8.0175	8.0050-8.0100	1.20-1.40ore dis	−1.95	3.35-3.55dis	−1.72
Japan	233.75-234.50	233.90-234.00	0.60-0.56y pm	2.97	1.95-1.90 pm	3.29
Austria	19.25-19.28½	19.27-19.28	6.00-5.40gro pm	3.55	18⅝-16⅝ pm	3.58
Switz.	2.1820-2.1920	2.1885-2.1900	1.04-1.00c pm	5.59	3.12-3.08 pm	5.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 56.15-56.20.

OTHER CURRENCIES

Dec. 7	£	$		£ Note Rates
Argentina Peso...	28.91-28.98	19.98-20.01	Austria	27.75-28.05
Australia Dollar...	1.5940-1.5960	1.1010-1.1015	Belgium	81.05-81.85
Brazil Cruzeiro...	1,337.6-1,345.7	924-929	Denmark	14.29-14.45
Finland Markka...	8.3760-8.3975	5.8225-5.8275	France	11.97-12.09
Greek Drachma...	141.70-142.30	97.90-98.30	Germany	3.94-3.98
Hong Kong Dollar	11.306-11.318	7.8125-7.8145	Italy	2380-2410
Iran Rial	127.20*	88.20*	Japan	337-348
KuwaitDinar(KD)	0.423-0.424	0.2925-0.2928	Netherlands	4.41¼-4.45¼
Luxembourg Fr.	79.90-80.00	55.45-55.47	Norway	10.96-11.06
Malaysia Dollar...	3.3850-3.3890	2.3410-2.3450	Portugal	189-196
New Zealand Dlr.	2.2090-2.2140	1.5255-1.5260	Spain	226¼-236¼
Saudi Arab. Riyal	5.0385-5.0430	3.4810-3.4815	Sweden	11.54-11.64
Singapore Dollar	3.0800-3.0850	2.1300-2.1320	Switzerland	3.14¾-3.17¾
Sth.African Rand	1.7450-1.7490	1.2145-1.2170	United States	1.43¾-1.45¾
U.A.E. Dirham	5.3150-5.3205	3.6720-3.6730	Yugoslavia	202-216

* Selling rates.

CURRENCY MOVEMENTS

Dec. 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	82.9	−8.3
U.S. dollar	129.6	+17.5
Canadian dollar	92.1	+0.5
Austrian schilling	114.6	+2.8
Belgian franc	89.8	−11.7
Danish kroner	78.2	−6.1
Deutsche mark	124.4	+6.7
Swiss franc	150.8	+13.6
Guilder	114.6	+4.3
French franc	66.5	−14.9
Lira	49.0	−11.9
Yen	155.5	+12.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 7	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.722413	0.571594
U.S. $	8½	1.04526	0.827669
Canadian$	9.75	*	1.02929
Austria Sch	3¾	20.1348	15.9450
Belgian F	10	57.9544	45.8818
Danish Kr.	7	10.3585	8.20220
D mark	4	2.85847	2.26343
Guilder	5	3.20059	2.53432
French F.	9½	8.68088	6.87296
Lira	17	1731.73	1371.65
Yen	5	244.382	193.674
Norwgn Kr.	8	N/A	6.30146
Spanish Pta	—	164.398	130.275
Swedish Kr	8½	8.37776	6.65128
Swiss Fr	4	2.28327	1.80879
Greek Dr'ch	20½	102.645	81.2109

* C$/SDR rate for Dec 6: 1.29324.

EXCHANGE CROSS RATES

Dec. 7	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.442	3.943	337.8	11.995	3.160	4.423	2389.	1.794	79.95
U.S. Dollar	0.693	1.	2.733	234.0	8.293	2.19	3.065	1657.	1.245	55.46
Deutschemark	0.254	0.366	1.	85.67	3.032	0.802	1.122	605.9	0.455	20.28
Japanese Yen 1,000	2.961	4.269	11.67	1000.	35.40	9.356	13.09	7073.	5.312	236.7
French Franc 10	0.836	1.206	3.296	282.5	10.	2.643	3.699	1998.	1.501	66.68
Swiss Franc	0.316	0.456	1.248	106.9	3.785	1.	1.400	755.9	0.568	25.30
Dutch Guilder	0.226	0.326	0.891	76.37	2.703	0.715	1.	540.1	0.406	18.08
Italian Lira 1,000	0.419	0.604	1.650	141.4	5.005	1.323	1.851	1000	0.751	33.47
Canadian Dollar	0.557	0.804	2.198	188.3	6.664	1.761	2.465	1332.	1.	44.57
Belgian Franc 100	1.251	1.804	4.931	422.5	14.95	3.952	5.532	2988.	2.244	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Dec. 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	9-9¼	9¼-9½	9½-10	5⅞-6	2½-2¾	5½-5⅝	12⅛-12⅝	15¾-16⅛	9¾-10¼	9½-10	6⅝-6¾	11¼-11½
7 day's notice	9-9¼	9⅜-9⅝	9⅜-9⅝	5⅞-6	1⅞-2⅛	5½-5⅝	12⅛-12⅝	16⅛-16⅜	10½-11	10¼-10⅝	6¾-6⅞	11¾-12¼
Month	9⅛-9¼	9¾-10	9⅜-9⅝	6 1/16-6 3/16	4⅛-4¼	6¼-6⅜	12⅞-13⅛	16¾-17¼	11⅜-11⅞	11⅛-11⅜	6⅝-6¾	11¾-12¼
Three months	9¼-9⅜	9 15/16-10 1/16	9½-9¾	6 1/16-6 3/16	4¼-4⅜	6 7/16-6 9/16	13⅞-14⅛	17⅝-18⅛	11½-12	11¼-11½	6 5/16-6 7/16	11⅝-12⅛
Six months	9½-9⅝	10-10¼	9 11/16-9 13/16	6⅜-6½	4¼-4⅜	6¼-6⅜	13⅞-14⅛	17⅝-18⅛	11½-12	11¼-11½	6 5/16-6 7/16	11⅝-12⅛
One Year	9⅝-9¾	10⅜-10⅝	9⅞-10⅛	6⅝-6¾	4⅜-4½	6½-6⅝	14½-14¾	18¼-18⅞	11½-12	11¼-11½	6½-6⅝	11⅝-12⅛

Asian $ (closing rates in Singapore): Short-term 9⅜-9½ per cent; seven days 9 7/16-9 9/16 per cent; one month 9¾-9⅞ per cent; three months 9⅞-10 per cent; six months 10⅛-10¼ per cent; one year 10 5/16-10 7/16 per cent. Long-term Eurodollars two years 11¼-11⅜ per cent; three years 11⅝-11⅞ per cent; four years 12-12¼ per cent; five years 12⅛-12⅜ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Rates steady in quiet trading

Interest rates remained very steady on the London money market, with three-month interbank deposits quoted at 9 5/16-9 3/16 per cent, compared with 9 3/16-9 5/16 per cent. The discount houses buying rate for three-month bank bills stayed at 8⅞ per cent. Trading was again very quiet, but the market closed before the late fall of sterling on the foreign exchanges.

The Bank of England forecast a money market shortage of £250m, but later revised this to £300m, and provided total help of £261m. Exchequer transactions added £126m to liquidity, but this was outweighed by bills maturing in official hands, repayment of late assistance, a take-up of Treasury bills from Friday's tender of £249m, a rise in the note circulation of £121m.

Before lunch the authorities bought £15m bank bills in band 2 (15-33 days) at 9 per cent. In the afternoon they purchased another £203m bills by way of £11m Treasury bills in band 1 (up to 14 days maturity) at 9 1/16 per cent; £11m local authority bills in band 1 at 9 1/16 per cent; £12m bank bills in band 1 at 9 1/16 per cent; £32m Treasury bills in band 2 at 9 per cent; £83m bank bills in band 2 at 9 per cent; £21m bank bills in band 3 (34-63 days) at 8 15/16 per cent; and £33m bank bills in band 4 (64-91 days) at 8⅞ per cent.

The Bank of England also provided late assistance of £45m.

In Amsterdam interest rates were slightly firmer on the domestic money market, with call money rising to 5¾ per cent from 5½ per cent. The upward trend followed similar moves in Frankfurt recently, and was also partly a reaction to the strong dollar, although no major change is expected in Dutch rates. Liquidity is adequate to meet the needs of the banking system at present, and no special advance is expected to supplement the normal quota facility.

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

MONEY RATES

Dec. 7	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.6	12	1½-2½	5¾-6	6.40625	17½-17⅞	5.90	12-12¼
One month	6.45-6.55	12⅛-12¼	4 1/16-4 3/16	6 1/16-6 3/16	6.46875	17½-17¾	10⅝-10⅞	12⅛-12⅜
Two months	6.40-6.50	12⅛-12¼	—	—	—	17⅝-17⅞	—	12⅛-12⅜
Three months	6.40-6.50	12⅛-12¼	4 1/16-4 3/16	6¼-6⅜	6.28125	17¾-18	11¼	12⅛-12⅜
Six months	6.35-6.50	12¼-12⅜	—	6⅝-6¼	—	—	11⅝	12¼-12½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	12	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Dec. 7 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8⅞-10	8⅞-9	9-9¼	8¾-9⅛	—	—	—	—	—
2 days notice	—	—	8⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	8 15/16-9⅛	8⅞-9	9¼	9	—	—	—	—	—
One month	9⅛-9 1/16	9 1/16-9 3/16	9⅛	9¼-9⅜	9	9	8 15/16	9	8 15/16	9⅝
Two months	9-9⅛	9 3/16-9 5/16	9 1/16	9⅛	9	8 15/16	8 13/16	8⅞	8 13/16	9 7/16
Three months	9 3/16-9 1/16	9 3/16-9⅜	9¼	9⅜	9	8⅞	8 13/16	8⅞	8 13/16	9½
Six months	9 5/16-9¼	9⅜-9⅝	9⅜	—	—	—	—	8 13/16-9	8 7/16-8 9/16	9 9/16
Nine months	9 7/16-9½	9 9/16-9 11/16	9⅜	—	—	—	—	—	—	—
One year	9 9/16-9 11/16	9¾-9 13/16	9⅝	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Certs of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	9⅜-9⅛	—	9 1/16	9.55-9.65	8 11/16-9 3/16	8⅞-9¼
Two months	9⅜-9¼	—	9¼	9.60-9.70	8⅞-9¼	8 15/16-9 5/16
Three months	9⅜-9¼	—	9⅜	9.70-9.80	8 13/16-9 3/16	9⅛-9½
Six months	9⅝-9½	—	9⅝	10.00-10.10	9⅛-9½	9 7/16-9 13/16
Nine months	9¾-9⅝	—	9 11/16	10.1-10.3	—	—
One year	9¾-9⅝	—	9 13/16	10.40-10.50	9 7/16-9 13/16	9¾-10⅛
Two years	—	10⅜	—	—	—	—
Three years	—	10¾	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11¼	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period November 2 to December 6 1983 (inclusive) 9.350 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) 9½ per cent from December 1 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent. Treasury Bills: Average tender rate of discount 8.8666 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-six-month 9¾ per cent; six-12-month 10 per cent. Under £100,000 9¾ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for each 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10-10½
Fed funds	9⅝
Fed funds at intervention	—

Treasury Bills

One month	8.45
Two month	8.75
Three month	8.94
Six month	9.13
One year	8.21

Treasury Bonds

Two year	99 1/32
Three year	99 27/32
Four year	99 1/16
Five year	99⅛
Seven year	99
10 year	99 27/32
30 year	101 3/32

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. December 7)

3 months U.S. dollars

bid 9 7/8	offer 10

6 months U.S. dollars

bid 10 1/8	offer 10 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars ease

Euro-dollar prices lost ground in the London International Financial Futures Exchange yesterday. Contracts opened lower and were sold off immediately amid continued worries about U.S. interest rates. A number of factors have combined to give the market a bearish trend. End-of-year demand for dollars and continued Federal refunding are likely to keep cash rates firm. There is also concern about the Fed's stance with regard to monetary policy. Many operators are afraid that the Fed may be thinking of tightening a little especially in view of various economic indicators due for release next week. These are expected to underline a continued expansion in the U.S. economy and dealers fear that this may prompt the Fed to increase interest rates in order to control the inflationary pressures normally associated with economic expansion. The March Euro-dollar contract opened at 89.74, down from 89.75, and sank to a low of 89.68 where it closed.

Gilt prices recorded further gains mainly inspired by Tuesday's encouraging UK money supply figures. News of a Government tap stock pushed prices lower temporarily but renewed interest, helped by a buoyant cash market, saw values finish close to the day's highs. Sterling's late fall against the dollar to record lows may have caused some anxiety although on an overall basis sterling was slightly firmer on the day. The March gilt price opened at 108-18 up from 108-12 and touched a best level of 109-03 before finishing at 108-31.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.26	90.29	90.25	90.31
March	89.68	89.74	89.68	89.75
June	89.35	89.38	89.34	89.41
Sept	89.10	89.14	89.09	89.16
Dec	88.84	—	—	88.80

Volume 2,158 (1,921)
Previous day's open int. 8,494 (8,433)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.89	90.90	90.89	90.88
March	90.48	90.50	90.47	90.48
June	90.25	90.28	90.25	90.27
Sept	90.06	90.07	90.04	90.03
Dec	89.83	—	—	89.80

Volume 605 (528)
Previous day's open int. 4,672 (4,664)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	109-30	110-00	109-18	109-12
March	108-31	109-03	108-19	108-12
June	108-17	—	—	108-00
Sept	108-03	—	—	107-19
Dec	107-22	—	—	107-06

Volume 2,234 (2,259)
Previous day's open int. 3,626 (3,584)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) par to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4480	1.4485	1.4467	1.4490
March	1.4505	1.4510	1.4490	1.4520
June	1.4531	—	—	1.4545

Volume 112 (298)
Previous day's open int. 2,443 (2,377)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3648	0.3656	0.3648	0.3665
March	0.3689	0.3694	0.3687	0.3700
June	0.3724	—	—	0.3735

Volume 40 (87)
Previous day's open int. 346 (320)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4578	0.4590	0.4578	0.4588
March	0.4643	0.4650	0.4635	0.4656
June	0.4714	—	—	0.4727

Volume 11 (58)
Previous day's open int. 115 (114)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4273	0.4275	0.4273	0.4273
March	0.4311	0.4314	0.4308	0.4315
June	0.4348	—	—	0.4352

Volume 32 (60)
Previous day's open int. 270 (219)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-24	70-26	70-18	70-27
March	70-04	70-06	69-30	70-07
June	69-17	69-19	69-12	69-21
Sept	69-03	69-03	68-29	69-06
Dec	68-20	68-21	68-14	68-23
March	68-09	68-09	68-03	68-11
June	67-29	67-29	67-24	68-00
Sept	67-20	67-20	67-15	67-23
Dec	—	—	—	—
March	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.06	91.07	91.02	91.07
March	90.55	90.57	90.51	90.58
June	90.26	90.27	90.23	90.28
Sept	90.04	90.04	90.01	90.05
Dec	89.82	89.83	89.80	89.86
March	89.63	89.63	89.63	89.67
June	89.44	—	89.44	89.48
Sept	89.27	—	89.27	89.29

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.47	90.50	90.45	90.53
March	89.82	89.86	89.80	89.90
June	89.46	89.48	89.44	89.51
Sept	89.19	89.19	89.15	89.21
Dec	—	—	—	—
March	—	—	—	—
Sept	79.50	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.97	90.00	89.96	90.02
March	89.41	89.44	89.37	89.47
June	89.09	89.11	89.06	89.13
Sept	88.83	88.86	88.80	88.86
Dec	88.56	88.58	88.54	88.59
March	88.29	88.29	88.29	88.32

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4425	1.4495	1.4365	1.4520
March	1.4445	1.4520	1.4380	1.4545
June	1.4475	1.4555	1.4390	1.4570
Sept	1.4495	1.4505	1.4455	1.4595
Dec	1.4600	1.4610	1.4490	1.4620
March	1.4550	1.4625	1.4550	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	70-06	70-07	69-30	70-01
March	69-00	69-01	68-23	68-27
June	68-01	68-02	67-25	67-29
Sept	67-06	67-06	67-00	67-03
Dec	66-18	66-18	66-10	66-13
March	—	—	—	—
June	—	—	—	65-12
Sept	—	—	—	65-00
Dec	—	—	—	—

CAPITAL MARKETS

EUROBONDS

Swiss convertible coupons at new low

BY MARY ANN SIEGHART IN LONDON

CONVERTIBLE COUPONS in Switzerland hit a new four-year low yesterday when UBS priced its SwFr 100m deal for Kirin Brewery at a coupon of 2½ per cent. The indicated coupon was 2⅞ per cent.

The conversion premium remains at just under 5 per cent, but the low coupon illustrates how strong Swiss investor demand still is for equity linked Japanese paper.

Meanwhile, the World Bank is raising SwFr 300m through a 5¾ per cent, five-year private placement led by SBC. It will be used to repay maturing debt.

Hambros Bank priced its £40m domestic loan stock issue for Elf UK yesterday. The coupon will be 12⅛ per cent at a price of 99.15. Of this, £25 per cent is payable now and the balance in March of next year.

There were no now issues in the Eurodollar bond sector and activity in the secondary market was minimal, with some dealers showing signs of already shutting down for Christmas. Prices drifted slightly lower.

Markets in Switzerland and Germany also closed unchanged on very low volume, with the strong U.S. dollar keeping investors on the sidelines.

SHF Bank bond average		
Dec 7		Previous
98.261		98.283
High	1983	Low
102.017		97.699

Today should see the launch of a DM 150m bond for the Middle European Gas Pipeline. Led by Dresdner Bank, it is expected to carry a coupon of about 8¼ per cent at a slight discount to par.

Korea Electric Power corporation is raising Y5bn through a seven-year private placement led by Daiwa Securities. It will pay 8.4 per cent at a price of 99.55.

● The Dutch Government is once again tapping the Amsterdam capital market, yesterday unveiling plans for a tender issue in 10 year bonds on a coupon of 8½ per cent.

Subscriptions have to be in by next Tuesday, and payment is due on January 16. The bonds will be redeemed in five annual instalments starting in 1990. There will be no early redemption.

The government issued its last loan in September when a tender in 9 per cent bonds raised Fl 4bn, bringing the total raised through public bonds in 1983 to Fl 22.8bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for December 7.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	93⅝	94⅛	0	-0⅛	11.64
Australia Comm 11¼ 90	100	100¾	101¼	-0⅛	-0¼	11.02
Australia Comm 11½ 95	300	96	96½	-0⅛	-0⅝	12.18
Australia Comm 11⅝ 98	100	96¾	97¼	-0⅛	-0½	12.06
Bank of Tokyo 11 90	100	94	94½	0	-0⅝	12.33
British Col Hyd 10¼ 88	200	96½	96⅞	0	-0⅞	11.33
Britoil Fin 11⅞ 90	125	99⅜	99⅞	-0⅛	-0⅛	11.94
Canada 10⅞ 88	500	98⅝	98⅞	0	-0⅛	11.24
C.C.C.E. 11¾ 97	100	92½	93	0	-0¼	12.80
C.C.C.E. 12⅝ 95	75	98⅝	99⅛	-0⅛	-0⅛	12.79
Can Imp Bk Com 11 90	75	92⅛	92⅝	-0½	-0⅝	12.76
Citicorp O/S 10⅝ 90	100	90⅝	91⅛	-0⅛	-0⅝	12.49
Citicorp O/S 11¾ 90	100	96⅝	97⅛	+0⅛	+0⅛	12.48
Cred Suisse BAH 10½ 90	150	98⅜	98⅞	-0⅛	-0⅜	10.79
Den Norsk Cred 11¼ 93	50	92⅞	93⅜	0	-0½	12.58
E.C.S.C. 11⅞ 90	75	99¼	99¾	0	-0⅝	11.96
E.D.F. 11⅛ 93	100	91½	92	-0⅝	-0⅝	12.64
E.E.C. 11 87	350	98⅜	98⅞	0	-0¼	11.44
E.I.B. 10¾ 93	200	91¼	91¾	-0⅛	-0⅞	12.29
E.I.B. 11 91	125	94½	95	0	-0½	12.10
Exportfinans 11½ 90	100	96⅛	96⅝	+0⅛	-0⅝	12.30
Electrolux 10½ 90	50	92¼	92¾	+0¼	-0¼	12.21
Enserch Fin 11⅝ 93	100	95⅝	96⅛	+0⅛	0	12.36
Fuji Int Fin 10⅞ 90	100	92⅜	92⅞	0	-0⅝	12.58
GMAC O/S Fin 11⅜ 90	100	99	99½	-0⅛	0	11.52
Honeywell Int 10¾ 90	100	95½	96	-0⅛	-0½	11.71
Indust Bk Japan 10⅞ 88	100	97	97½	+0⅛	-0⅛	11.67
Indust Bk Japan 11⅞ 91	100	97⅜	97⅞	-0⅛	-0½	12.35
Int Finance 11½ 89 WW	125	97⅞	98⅜	+0¼	+0⅛	11.95
Japan Air Lines 10⅞ 98	42	91¼	91¾	0	-0⅝	12.13
Japan Air Lines 11 93	75	94⅛	94⅝	-0⅛	-0½	11.98
J.C. Penney 11⅞ 90	100	99⅞	100⅜	+0¼	0	11.83
J. P. Morgan 11⅜ 90 WW	150	96⅞	97⅜	0	0	11.99
Levi Strauss Int 11 90	75	95⅝	96⅛	+0⅛	-0½	11.91
L.T.C.B. 10¾ 90	100	92¼	92¾	0	-0½	12.47
L.T.C.B. 12½ 90	85	100⅛	100⅝	0	-0½	12.36
Merrill Lynch 10⅝ 90	200	93⅝	94⅛	0	-0⅛	12.02
Mitsubishi Corp 10½ 90	100	93⅛	93⅝	-0⅛	-0⅝	12.01
Mitsubishi Fin 11⅜ 90	100	94¾	95¼	-0⅛	-0⅝	12.58
Nippon Credit 11 90	100	93¼	93¾	0	-0⅛	12.40
Nippon Credit 11⅛ 90	100	96¾	97¼	0	-0¼	12.54
Ontario Hydro 10¼ 90	250	93	93½	-0⅛	-0¼	11.77
Ontario Hydro 11¾ 90	200	100⅛	100⅝	0	-0⅛	11.62
Pacific Gas & Elec 12 91	75	101⅝	102⅛	-0⅛	-0⅝	11.61
P.K. Banken 12 90 WW	75	96⅝	97⅛	0	0	12.69
Quebec Hydro 11½ 92	100†	97¼	97¾	0	0	11.97
Saskatchewan Pr 10¾ 90	125	95⅛	95⅝	0	-0½	11.75
Sears O/S Fin 11½ 88	125	100⅞	101⅜	0	+0⅝	11.19
Sears O/S Fin 11⅝ 93	150	97⅝	98⅛	0	-0¼	11.98
Sth Cal Edison 10½ 90	75	95	95½	+0⅛	-0½	11.56
Sumitomo Fin 10⅞ 90	100	92¼	92¾	0	-0½	12.57
Texaco Capital 9¾ 90	150	91	91½	0	-0⅝	11.79
Texaco Capital 10½ 93	200	94	94½	0	-0⅝	11.49
U.B.S. 10 88	100	97⅜	97⅞	-0⅛	+0⅛	10.52
World Bank 11¼ 88	100	98¾	99¼	+0⅛	-0¼	11.59
World Bank 11¼ 90	200	95	95½	-0⅛	-0½	12.07
World Bank 11½ 90	150	97⅛	97⅝	-0¼	-1⅛	12.06
World Bank 12 93	200	98⅞	99⅜	-0⅛	-1	12.14

Av. price changes: on day 0, on week -⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	98⅞	99⅜	-0⅝	-1⅛	7.48
Arab Banking Corp 8 88	100	96	96½	0	-0⅝	8.98
Asian Dev BK 8½ 93	200	99⅛	99⅝	-0⅛	-0½	8.57
Austria, Rep 7⅝ 89	100	99⅝	100⅜	-0¼	-0¼	7.61
Austria, Rep 8 93	100	101	101¾	-0⅛	+0⅝	7.78
Avon Int Fin 7½ 93	100	101	101½	0	0	7.30
Barclays O/S 8⅛ 98	250	98	98¼	0	0	8.35
Beatrice Foods 7¾ 93	130	103⅝	104⅜	0	+0½	7.16
B.F.C.E. 8¼ 90	150	100½	101¼	0	+0⅛	8.06
Dresdner Finance 4 90 WW	250	107⅝	108⅜	0	-0¼	2.61
Dresdner Finance 4 90 XW	250	82⅝	83⅜	-0⅛	-0¼	7.35
E.C.S.C. 8 90	100	99⅝	100⅜	-0¼	-0¼	7.99
E.E.C. 8¼ 93	250	99⅝	100⅜	-0½	-0⅛	8.24
E.I.B. 8 93	200	98⅛	98⅝	0	-0½	8.24
Eurofima 7½ 90	100	100	100¾	-0¼	-0⅞	7.41
Europarat 8¼ 93	150	99⅛	99⅞	-0¼	-0⅝	8.32
Finland Rep 8 90	150	98½	98⅝	+0⅛	-0⅛	8.31
Int Standard Ele 7¾ 93	100	102⅝	103⅜	+0⅛	+0¼	7.39
Ireland 8⅞ 91	150	100⅛	100⅝	-0¼	-0⅝	8.55
Japan Dev Bank 7½ 90	100	100⅞	101⅝	0	+0¼	7.24
L.T.C.B. 8 90	100	100⅞	101⅜	-0⅛	-0¼	7.76
Renault Acceptance 8 90	150	98⅞	98⅞	+0⅛	+0⅛	8.27
S.D.R. France 7⅞ 93	100	97⅛	97⅝	0	0	8.27
Sth African Trns 8¼ 90	100	98⅝	99⅛	-0½	-0⅝	8.44
World Bank 7½ 90	250	97⅞	98⅝	+0⅛	+0⅛	7.84
World Bank 7⅞ 89	300	99⅝	100⅜	0	-0⅛	7.86

Av. price changes: on day -⅛, on week -¼

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 7¼ 91	57	79	79¼	-0⅞	-0½	11.37
Bank of Tokyo 6 91	100	102⅛	102⅝	+0⅛	-0⅛	5.63
Bergen, City of 5⅝ 95	40	99⅝	99⅞	+0⅝	+0⅝	5.78
Denmark 6⅞ 91	100	102	102¼	0⅝	+1	6.81
E.E.C. 6 93	100	101½	101¾	-0⅛	-0½	5.78
Europarat 6⅛ 93	100	98⅞	99	-0¼	-0⅛	6.28
Ind Fund Finland 6¼ 91	40	101½	102	0	0	5.95
Int-Am Dev Bk 6 93	100	98½	98¾	0	+0½	6.19
Ireland 6½ 93	80	99½	99¾	+0⅝	+0½	6.55
Japan Dev Bank 5⅞ 93	100	101¾	102	-0⅝	-0⅝	5.62
Jap Highway Pub 5⅝ 91	100	99⅞	100⅛	0	+0¼	5.62
Kansai Ele Power 6 91	100†	102	102½	-0⅝	-0⅝	5.62
Kawasaki Steel 6⅛ 91	100	100½	100¾	0	-0¼	6.01
Manitoba Prov 5½ 93	100	100¾	101	0	-0¼	5.38
Mont Blanc Tunl 6⅝ 93	35	102½	103	-0⅞	+0⅛	6.00
Mount Isa Finance 6 93	100	102¼	102½	-0⅛	+0¼	5.67
MTG Bk Denmark 6⅛ 91	80	99¼	99½	0	+0⅝	6.35
New Brunswick 5¾ 93	100	102	102¼	0	+0½	5.46
Nisshin Steel 6¼ 91	100	102¼	102½	+0⅛	0	5.44
Nippon Tel & Tel 5¾ 93	100	100¼	100½	0	+0¼	6.18
Osterr Post 6⅛ 91	100	102½	103	+0½	+0⅛	5.66
Quebec Province 5⅝ 93	100	99¾	100	0	+0½	5.64
Shikoku Elec Power 6 91	100	101¾	102	-0½	-0⅛	5.78
Sumitomo Heavy Ind 6 91	100	100¾	101	-0¼	+0¼	5.85
Tokyo Elec Power 5⅞ 91	100	102	102¼	-0½	+0¼	5.63
Trizec Corp 6⅛ 93	100	99⅝	100⅛	-0⅛	0	6.14

Av. price changes: on day 0, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	106⅛	106⅝	0	0	7.58
E.I.B. 8⅛ 92	15	103	103¾	-0⅛	0	7.88
Int-Am Dev Bk 7⅞ 93	15	100	100⅞	0	0	7.82
New Zealand 7⅞ 88	15	102⅞	103⅝	0	+0⅛	6.91
World Bank 7⅝ 93	20	100	100½	-0⅛	+0⅛	7.59

Av. price changes: on day 0, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12⅛ 90 CS	75†	100⅝	100⅞	0	-0⅛	12.80
Norcen 12¼ 93 CS	80†	96⅝	97⅛	+0⅛	-0⅛	13.31
TD MTG Corp 12½ 88 CS	40†	100⅝	101⅛	-0⅛	-0⅝	12.14
Quebec Hydro 12¾ 93 CS	50†	101½	102	-0⅛	-0⅝	12.41
Royal Trstco 12⅝ 88 CS	50†	101⅛	101⅝	-0⅛	-0⅜	12.23
World Bank 12⅛ 90 CS	75†	100⅛	100⅝	0	-1⅝	12.12
Xerox Canada 12 88 CS	40†	102⅛	102⅝	+0⅛	-0⅝	11.29
E.I.B. 11⅛ 93 ECU	50	100⅛	100⅝	0	+0½	11.03
Genfinance 11 90 ECU	60	98¾	99	0	+0⅝	11.28
Algemene Bank 8⅜ 88 Fl	150	102⅜	102⅞	+0⅛	+0⅝	8.04
Bank Mees & Hope 9 88 Fl	75	103	103½	0	+0⅛	8.14
Elect Sup Brd 8⅝ 88 Fl	75	97⅛	97⅝	-0⅛	0	9.43
P.H.P. 8¾ 88 Fl	50	101⅞	102¼	-0⅛	-0⅛	8.20
Swed Exp Cred 7¾ 88 Fl	100	96⅛	96⅝	+0⅛	+0⅛	8.77
World Bank 9 88 Fl	100	103⅛	103⅝	0	+0⅛	8.10
O.K.B. 14 86 FF	400	101	102	+0⅛	+0⅛	13.00
Solvay & Cie 14⅝ 86 FF	200	102⅛	103⅛	+0⅛	+0⅛	13.24
B.F.C.E. 11½ 88 £	50	99	99⅝	0	-0⅝	11.64
British Oxyg 11¾ 91 £	50	99⅞	100⅜	+0⅛	0	11.66
CEPME 11½ 95 £	35	101	102	0	+0¼	10.80
CIBA-Geigy Int 8⅝ 93 £	25	98	98¼	0	0	8.94
E.E.C. 11⅞ 91 £	50	101	101¾	0	+0⅛	11.36
E.E.C. 11⅞ 93 £	50	101	101¾	0	-0¼	11.62
Fin For Ind 10½ 90 £	20	95	95¾	0	-0¼	11.52
Finland Rep 11⅞ 88 £	50	100½	101⅛	+0⅛	-0⅛	11.59
Gen Elec Co 12½ 88 £	50	103⅛	104⅛	+0⅛	0	11.31
I.I.I. 10¾ 93 £	25	95¼	96	+0⅛	-0¼	11.50
I.I.I. 11½ 91 WW £	50†	99¼	100¼	-0¼	-0½	11.55
Mort Bk Fin 11¾ 88 £	15	98⅛	99⅛	-0⅛	-0½	12.08
Norsk Hydro 12 90 £	30	100¾	101½	+0⅛	-1⅛	11.71
Sweden 11¼ 93 £	50	98	98⅝	0	-0⅝	11.51
Swed Exp Cred 11⅛ 88 £	30	98⅝	99¼	0	-0⅛	11.59
World Bank 11⅛ 88 £	100	98¾	99½	0	-0⅛	11.34
Eurofima 10 91 LuxFr	600	99⅛	100⅛	-0⅛	-0½	10.04
Europarat 10¾ 93 LuxFr	600	100⅝	101⅝	-0⅛	-0⅝	10.58

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 88	0¼	99⅝	99⅞	28/1	10.18	10.29
Caisse Nat Tels 5¼ 90	0¼	99⅝	99⅝	21/4	10	10.05
C.C.F. 5¼ 95	0¼	99⅝	99⅝	7/4	9.94	9.98
C.C.F. 5¼ 98	0¼	99⅞	100⅛	24/3	10.19	10.19
Cepme 5⅛ 88 WW	0¼	99¾	100	3/12	10.56	10.57
Cepme 5⅛ 92	0¼	99⅞	100⅜	18/12	10½	10.49
Chemical NY 5⅛ 94 ††	0⅛	100¼	100½	23/12	10	9.96
C.N.C.A. 5⅛ 95 XW	0¼	99½	99¾	7/12	10	10.04
C.N.C.A. 5⅛ 97	0¼	99⅝	99⅞	24/3	10.31	10.34
C.N.T. 5⅛ 91	0¼	99⅝	99⅝	6/5	10.19	10.24
Credit Foncier 5⅛ 93	0¼	99½	99¾	6/4	10	10.04
Credit Lyonnais 5¼ 94	0¼	99½	99¾	5/1	10.31	10.35
Credit Lyonnais 5¼ 97	0¼	99½	99¾	1/4	10	10.04
Denmark 5⅛ 90	0⅛	99¼	99½	13/4	10	10.06
Dresdner Fin 5⅛ 93 XW	0⅛	99⅞	100⅛	19/4	9.94	9.94
E.D.F. 5⅛ 95 XW	0¼	99¾	100	10/2	11⅜	11.39
E.E.C. 5 90	0⅛	100	100¼	5/1	10.19	10.17
First Interstate 5⅛ 95	0¼	99¼	99½	6/3	5¼	5.28
GZB 5⅛ 98	0¼	99½	99¾	28/6	5¼	5.27
Hispano 5⅛ 95	0¼	98	98½	28/4	10	10.18
NZ Steel Dev 5⅛ 92	0¼	99⅞	100⅛	22/12	10¼	10.24
Soc Generale 5⅛ 90 XW	0¼	99⅝	99⅞	9/5	10.31	10.34
Société Générale 5⅛ 95	0¼	99¾	100	1/3	10.94	10.95
Sweden 5⅛ 93	0¼	100⅛	100⅜	3/2	11.19	11.18
Sweden 5¼ 2003	0¼	99⅝	99⅞	17/5	5¼	5.28

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	127⅜	129⅜	0	-1.40
Canon 7 97	7/82	690.2	239¾	241¾	-1¼	0.67
Daiwa Sec Co 5½ 98	10/83	481.6	97½	99⅛	+0¼	-1.95
Fanuc 3¾ 98	1/84	9142	115⅞	117⅛	+1⅞	6.50
Hitachi Cable 5⅛ 96	2/82	515	106½	108	0	-0.05
Honda Motor 5⅛ 98	6/83	884	127	128	-1⅛	-1.57
Honda Motor 5½ 97	3/83	759.6	147½	149	-1	-2.12
Konishiroku Photo 4 98	10/83	673	98⅛	99⅛	-0⅛	4.95
Kyowa Hakko 6⅛ 97	2/83	762	113½	115	-1	11.06
Minebea Co Ltd. 5½ 98	5/83	667	110⅝	111⅝	-0⅛	0.31
Mitsubishi Electric 5⅛ 98	6/83	398	108¼	109¼	-0⅝	3.32
Nippon Electric 5⅛ 97	2/82	765.9	178¼	179¼	+0⅝	1.97
Nippon Oil Co 5½ 98	4/83	964	114⅝	115⅝	-0⅝	3.96
Nissan Motor 5¾ 98	4/83	780	107	108	-0⅛	-0.19
Olympus Optical 6¾ 97	12/82	1157	105⅝	107⅜	0	6.25
Orient Finance 5⅛ 97	3/82	927.2	93	94½	-0½	11.00
Orient Leasing 5⅛ 98	6/83	2680	87⅜	88⅝	-0¼	4.63
Secom 5 98	11/83	2828	137⅛	138⅛	+0⅝	-0.17
Yamaichi Sec Co 5 98	8/83	449.5	95⅝	97¼	+0⅛	-2.01
Yamanouchi Pharm'cal 4 90	10/83	1808	98⅝	99⅝	+1⅞	0.63
Bridge Oil 4¾ 93 SF	3/84	3.43	100¾	102¾	-0¼	23.00
Settsu Paper 3⅝ 93 SF	9/83	716	101	103	-0½	13.40
Asics 5 92 DM	12/83	520	108⅛	108⅞	-0⅛	6.05
Konishiroku 6¾ 88 DM	6/82	816	120⅝	121⅝	+0½	8.23
Sun Realty 6⅛ 92 DM	2/83	385	127⅛	128⅛	-0¼	-3.83

* No information available–previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.